





## THE AMERICAS

## Willey Account Jars Women Who Back Clinton

By Thomas B. Edsall  
and Terry M. Neal  
Washington Post Service

WASHINGTON — Kathleen Willey's detailed description of President Bill Clinton's alleged attempt to kiss and grope her has fractured the support Mr. Clinton has been receiving from a key constituency: the leaders of liberal women's rights groups.

The credibility of Mrs. Willey, a former White House employee, and her apparent lack of an ideological axe to grind have prompted the heads of such groups as the National Organization for Women, the National Abortion and Reproductive Rights Action League and 5-to-5 to abandon public neutrality and become much more critical of the president.

"I heard her story, and this was a woman who sounded credible, who told

a story that was compelling and believable," said Kate Michelman, president of the National Abortion and Reproductive Rights Action League.

"This is different from Monica Lewinsky, whose story goes back and forth, and you don't know what to believe," Ms. Michelman said, adding that Ms. Lewinsky "hasn't indicated any difficulty; whatever happened, she was a willing participant."

Kathleen Willey told a different story, Ms. Michelman said. "She was an unwilling participant."

The White House immediately tried to counter the impression of defections among women. The Democratic National Committee directed reporters to officials of the Women's Leadership Forum, a Democratic group.

Cynthia Friedman, a former national chairman of the group, said: "This is

what I know: The president issued a very flat denial about Willey's accusation, and I really believe in the president."

Throughout Mr. Clinton's dealing with the sexual harassment lawsuit filed by Paula Jones and more recently with allegations that he had sex with Ms. Lewinsky, a former White House intern, women generally have supported him, and leaders of liberal women's groups have remained neutral on, if not sympathetic to, his plight.

Women were crucial to Mr. Clinton's victory in 1996. If the election had been conducted only among men, Bob Dole would be president, elected by a one-point margin, 44 percent to 43 percent.

Mr. Clinton, however, defeated Mr. Dole among women by an overwhelming 54 percent to 38 percent.

While cautioning that nothing has been proved, Patricia Ireland, president

of the National Association for Women, spoke as if the weight of evidence was with Mrs. Willey.

"Seeing the interview was even more compelling than seeing the words on paper," Ms. Ireland said, referring to Mrs. Willey's appearance Sunday on the CBS news program "60 Minutes."

"I have to say she has a great deal of credibility," Ms. Ireland said in an interview.

On CNN, Ms. Ireland commented on Mrs. Willey's remarks on CBS and her deposition: "If it's true, it's sexual assault. He put his hand on her breast. He put her hand on his erection."

"Now we're talking about, really, sexual predators and people who in positions of power use that power to take advantage of women," Ms. Ireland said.

Ms. Ireland still came under fire from the political right, where leaders accused her Monday of changing her tune because public opinion was likely to shift against Mr. Clinton or because members of the National Organization for Women are demanding that she take a tough stand.

Anita Blair, executive vice president of the Independent Women's Forum, said: "Ms. Ireland's statement was made 'not out of any concern about what the truth might be' but what her organization would support."

Susan Carpenter-McMillan, an adviser to Mrs. Jones, was asked Monday on the NBC show "Today" about Ms. Ireland's strong response, regarding Mrs. Willey after providing "very little support for Paula Jones."

Ms. Carpenter-McMillan declared that Ms. Ireland "has ruined the women's movement."

"She's ruined the issue of sexual harassment," Ms. Carpenter-McMillan said. "One more time, we see a pattern of the only women that are going to be defended by Patricia Ireland and the likes are older, more educated Democrats."

In an interview Monday, Ms. Michelman said she defends Mrs. Jones's right to pursue her case, but added that her organization, the National Abortion and Reproductive Rights Action League, was not going "to jump on board in response to allegations promoted and funded by groups that have worked hard to deny women their constitutional and legal rights."

Representative Nita Lowey, a Democrat of New York and a longtime Clinton supporter, called Mrs. Willey's allegations "very serious and very troubling for those of us who have fought so hard against sexual harassment."

Anita Perez Ferguson, president of the bipartisan National Women's Political Caucus, said that while she considered the allegations "serious and disturbing," she wanted to remain circumspect.

"This is private litigation," she said. "It is grand jury testimony. With that in mind, we only have a few pieces of the puzzle."

## POLITICAL NOTES



Johnny Chung, left, and the California businessman's attorney, Brian Sun, speaking to the media after his court hearing in Los Angeles.

## Chung Pleads Guilty On Funding Abuses

LOS ANGELES — In a deal with government prosecutors, the California businessman and Democratic fund-raiser Johnny Chung has pleaded guilty to bank fraud, tax evasion and conspiracy in connection with \$20,000 in illegal contributions to the Clinton-Gore re-election campaign.

Mr. Chung, the fourth person charged in five weeks in an investigation of campaign finance abuses, has agreed to cooperate with authorities. Sentencing was set for July 20. He could face up to 37 years in prison and fines of more than \$1 million.

Mr. Chung, 43, admitted in federal court Monday to trying to exceed individual limits on campaign donations by reimbursing 20 contributors \$1,000 each for money they gave in a 1995 fund-raiser here. Mr. Chung also pleaded guilty to making \$8,000 in illegal donations to Senator John Kerry, Democrat of Massachusetts, in a 1996 event in Beverly Hills.

Mr. Chung's lawyer, Brian Sun, said his client would answer any questions by the federal Campaign Finance Task Force, which is investigating alleged campaign finance abuses. (NYT)

## Clinton Nominee For Judge Bows Out

WASHINGTON — Faced with probable rejection by the Senate, a Pennsylvania state judge has withdrawn her nomination for the U.S. District Court bench.

Judge Frederica Massiah-Jackson, who would have been the first black

woman to sit on the U.S. District Court in Philadelphia, withdrew in a letter to President Bill Clinton that asserted she had been subjected to an "unrelenting campaign of vilification and distortion" in a "politicized environment."

Republican leaders argued that she was soft on crime, biased against police and given to profanity from the bench, and said she would have been overwhelmingly rejected by the Senate in a vote that had been scheduled for Wednesday.

Senator Orrin Hatch, Republican of Utah and chairman of the Judiciary Committee, said: "Given the strong, bipartisan opposition from law enforcement groups, her demonstrated leniency in sentencing convicted criminals and the Judiciary Committee's concerns about her lack of candor throughout the nomination process, I believe withdrawing the nomination is the right thing to do."

Dismissing from that view, Senator Arlen Specter, Republican of Pennsylvania and a senior Judiciary Committee member, who led the fight for his fellow Pennsylvanian, praised her "tenacity and courage." He also criticized the committee's handling of the nomination, including a second hearing last week during which he said Judge Massiah-Jackson was asked details she could not possibly have remembered from cases 15 years ago.

Pennsylvania's other Republican senator, Rick Santorum, defended the handling of the nomination and said he would have voted against it.

If she had been rejected in a vote, Judge Massiah-Jackson would have been Mr. Clinton's first judicial nominee to be turned down by the Senate, even though Republicans have been waging a protracted battle with the administration over what they describe as "liberal" and "activist" nominees. (WP)

## Impeachment? An Uncertain Road

Wary House Republicans Weigh Options and Gauge Political Risks

By Guy Gugliotta  
Washington Post Service

WASHINGTON — The House Republican leadership is uneasily mulling over actions it could take against President Bill Clinton should the independent counsel, Kenneth Starr, send his evidence to Capitol Hill, and is finding most options — including impeachment — to be fraught with political risk, according to Republican sources.

Thus far, Newt Gingrich, the House speaker, Henry Hyde, the Judiciary Committee chairman, and other Republican leaders have shown no appetite for an impeachment inquiry, according to sources familiar with the leadership discussions. These sources said that they considered the discussions preliminary and sensitive, and would talk about them only if they were not identified.

Reflecting the profound uncertainties, the sources said that developments such as the appearance of a former White House aide, Kathleen Willey, on CBS's "60 Minutes" Sunday had to be considered largely in a political context.

Whether or not her grand jury testimony and public allegations that Mr.

Clinton groped her in the White House help Mr. Starr's investigation, the congressional sources said the developments would have to cause a sharp downturn in the president's popularity and a consequent decision by at least some Democrats to abandon him before Republicans would consider impeachment.

Publicly, Mr. Gingrich maintained his cautious rhetoric. Speaking Monday in Smyrna, Georgia, he called Mrs. Willey's allegations "a very sobering story" from one of several "credible witnesses who have to at least be given a chance to have their story examined."

Still, even without impeachment, there is a list of other possible actions the House could take, each of which will require the House leadership to make dangerous preliminary decisions.

The first of these is to determine Mr. Starr's motivation, the sources said. Does he have evidence of impeachable "high crimes and misdemeanors"? Does he have something less than that? Or is he just "punting to Congress," in the words of one source, because he has no case?

The sources pointed out that if the Republican leadership did not find the evidence compelling, it had no obligation

to accept it, and the case could end there. If it found the evidence strong enough to "cause concern" but not merit impeachment, one source said, the leadership could simply decide to publish it, or vote some kind of "censure" against Mr. Clinton, an idea first advanced by the Senate majority leader, Trent Lott.

Without an anti-Clinton groundswell, none of these options is likely to win wide approval, the sources said, and each is likely to enrage someone: Republican conservatives furious because the House is "copping out," said one source; Democrats furious at a Republican "witch hunt," or voters furious at the bounding of a popular president.

The sources said some members of the leadership have raised the possibility of creating a select committee to evaluate Mr. Starr's evidence, or even to conduct an impeachment inquiry.

[The appointment of a special House committee, however, "would be widely viewed as an unprecedented and unprincipled act of partisanship." Representative Charles Canady, Republican of Florida, wrote Mr. Gingrich in a letter Mr. Canady's office made public Tuesday, The Associated Press reported.]

## 'JFK Papers' - The End?

Former Paralegal Lived High on \$7 Million From Forgery, Mail Fraud Indictment Says

By Blaine Harden  
Washington Post Service

NEW YORK — A former paralegal has been arrested on federal charges that he forged the documents that he sold to collectors around the country for \$7 million on a claim that they linked President John F. Kennedy to a grab bag of sinister behavior.

Lawrence Cusack 3d, whose "JFK papers" tantalized and tempted the investigative reporter Seymour Hersh as well as the NBC and ABC networks before being discredited last year, was arrested at his home in the South New York suburb of Southport, Connecticut, and later released on bail.

He was charged with mail fraud and, if convicted, faces up to five years in prison and a fine of up to \$250,000.

A federal indictment said Mr. Cusack had bought his \$1.3 million home, a \$540,000 weekend house in Southampton, New York and several luxury cars after he began selling the JFK papers in 1993. Before that, he had worked as a paralegal in his late father's New York law firm, making a top salary of \$40,000.

The documents that he gave to Mr. Hersh indicated, among other things, that Mr. Kennedy had bought Marilyn Monroe's silence about an alleged affair by setting up a trust fund for the film star's mother.

The indictment says that a federal postal investigator found early drafts in Mr. Cusack's handwriting of the type-written agreements that bore the forged signatures of Mr. Kennedy and Miss Monroe. The documents were the spine of a planned chapter in Mr. Hersh's 1997 book, "The Dark Side of Camelot." The chapter was excised before publication because of widely publicized doubts about the authenticity of the papers.

■ JFK Kin Object to Sale

On the eve of a bitterly contested auction of Kennedy memorabilia, the former president's children broke their

public silence about the event and released a statement that harshly criticized their father's longtime secretary, Evelyn Lincoln, for taking many of the personal items being put up for sale. The New York Times reported.

Caroline Kennedy and John Kennedy Jr. also pleaded in the statement issued Monday with the auction's principal contributor, Robert White, to return four objects that are in the sale.

Mr. White received many of the items that are to be auctioned from Mrs. Lincoln's estate after her death in 1995.

"It is now clear that Mrs. Lincoln took advantage of her position as our father's secretary, and later as the custodian of objects intended for the Library, by taking home with her countless documents and objects that had belonged to our father and the United States Government," the Kennedy children wrote.

It was most pointed attack yet on an auction that has stirred controversy and questions of provenance for months. Arlan Eitinger, president of Guernsey's, which is to conduct the sale Wednesday and Thursday in New York, challenged the Kennedys' contention that Mrs. Lincoln had wrongfully taken or held onto anything without their knowledge or consent.



FILEUP — Derailed railroad cars spilling onto a road after a train collided with a snowplow truck near Holland, Michigan, killing the truck driver.

## Away From Politics

■ In the first such sustained deployment of B-2 Stealth bombers, the air force said it would send two of the high-tech jets to Guam from March 23 to April 3, for training operations. The planes, along with about 200 personnel, will deploy from the 509th Bomb Wing at Whiteman Air Force Base in Missouri, to Andersen Air Base on the Pacific island.

■ A navy communications satellite that will relay spy photos and intelligence reports for the Defense Department has gone into orbit. The ultrahigh-frequency satellite, the eighth in a series of 10, should be operational by June. It is the first in the fleet to have a Global Broadcast Service communications system that will speed up the transmission of data to U.S. military forces equipped with small receiving terminals.

■ A Wall Street banker plans to donate millions of dollars to help thousands of poor Los Angeles children attend the private schools of their choice in the fall of 1999, mirroring a similar philanthropic effort in Washington. The corporate takeover specialist Theodore Forstman said the Los Angeles effort would be a larger version of the project he initiated last fall with the Wal-Mart heir, John Walton, in which the pair donated \$6 million to give vouchers to 1,000 children in Washington.

■ The post-office has decided to stop closing post offices. Postmaster General Marvin Runyon announced a moratorium on closings intended to consolidate routes and services.

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## ASIA/PACIFIC

## Challenge for China's New Prime Minister: It's the Economy, Comrade

By Erik Eckholm  
and Seth Faison  
New York Times Service

**BEIJING** — Zhu Rongji, who was chosen by an overwhelming majority as prime minister of China on Tuesday, is a career communist planner whose swift rise to power has been driven largely by the sheer force of his achievements.

In the last five years, as chief of economic policy, Mr. Zhu, 69, has steered the economy out of a deep recession without stifling its growth, a record that would do the International Monetary Fund proud.

Well before the Asian financial crisis hit last year, Mr. Zhu had applied bitter medicine that no one else in China dared, among other things denying loans to the pet projects of officials around the country.

By this year the annual rate of inflation had

dropped to just 1 percent, from 24 percent in 1995. Mr. Zhu won the respect of other Chinese leaders and superlatives from Western business executives.

He becomes head of China's cabinet when the world's most populous country is emerging as an economic and political heavyweight. He will serve under the president and Communist Party chief, Jiang Zemin, who remains No. 1 in the ruling circle.

By any measure, Mr. Zhu will face daunting tasks: remaking an economy still rooted in thousands of money-losing companies owned by the government, salvaging banks that by outside standards are insolvent, reversing the calamitous pollution of air and water, finding work for tens of millions who once thought they had jobs for life and building a new system of social welfare from scratch — just for starters.

As he takes on new economic and social

issues, Mr. Zhu will also, for the first time, have direct responsibility for foreign policy questions like volatile relations with Taiwan and for China's stand on human rights issues, which has been much criticized in the West.

Perhaps the ultimate issue that will face Mr. Zhu in his five-year term is how the Communist Party can maintain control over a society that is becoming more complex and pluralistic by the day.

Trained as an engineer and state planner, Mr. Zhu has so far betrayed no strong interest in democracy, only in a more efficient economy and party.

"I see him as a classic Leninist apparatchik," said David Shambaugh, an expert on Chinese politics at George Washington University. "But it is true that he is also a no-nonsense, tough bureaucrat who is very decisive."

In a system that rewards conformity, where

leaders typically retreat behind dogmatic cant, Mr. Zhu is famous for his frank talk, his sometimes brutal impatience with officials and his results-oriented manner.

That approach has gained him the admiration of ordinary Chinese people, as well as the begrudging regard of the sprawling bureaucracy he will head. Those who work under him refer to him as "the Boss."

But with his determined pursuit of economic cutbacks, and now his goal of slashing the bureaucracy, he has gained many enemies around the country, too, perhaps leaving him vulnerable should his touch with the economy fail him.

Mr. Zhu replaces Li Peng, who is moving to a more senior position after serving the two five-year terms as prime minister allowed by China's constitution. Chinese people often compare Mr. Zhu favorably with Mr. Li, who is widely disliked for his central role in the violent suppression of

the 1989 student-led democracy movement.

Mr. Zhu has angrily rejected the label, sometimes applied to him by Western admirers, of "China's Gorbachev." The man who presided over the dismantling of the Soviet Union is officially loathed here. Mr. Zhu's own views on broadening participation in political decision-making have remained private, but he has not been known to question the primacy of the Communist Party.

"The touchstone for a Chinese leader is how much chaos is being created," a Western diplomat said. "If there is the threat of serious social disturbance, I don't doubt for a moment that he'll use the necessary force to stop it."

Mr. Zhu, who spent long years as a political outcast, has scaled the heights of power with astonishing speed, in large part because he was sponsored by Deng Xiaoping, another pragmatist.

## Students Fight Police Officers During Protest In Indonesia

Compiled by Our Staff From Dispatches

**SURABAYA, Indonesia** — Students clashed with the police Tuesday during a protest at a state-run teachers' college here, witnesses said.

They said three students suffered serious head wounds and dozens of others had minor injuries in the confrontation. The clash came when local police officers entered the campus as hundreds of students were listening to speakers criticize President Suharto, witnesses said.

Some students threw rocks at the police, the witnesses added.

Police officials were not immediately available for comment.

Witnesses said students later resumed their discussions while police officers stood outside the campus. There were no immediate reports of arrests.

It was the third clash between students and security forces in Surabaya, Indonesia's second-largest city, in the past week.

Meanwhile, other forums, each attended by more than 4,000 students, were held at the University of Pancasila and University of Mercu Buana in the capital, Jakarta. A smaller gathering of around 1,000 students took place at the National Islamic Institute.

Since Feb. 25, students across the country have held protests, most of them on campus, calling for political and economic reform as well as lower food prices.

In Jakarta, meanwhile, the authorities stressed the need for dialogue with students.

The armed forces commander, General Wiranto, on Tuesday repeated the military's offer to hold a dialogue with students.

"This invitation to talk with the students is not mere lip service but a genuine invitation," General Wiranto said before attending the first meeting of President Suharto's new cabinet. Mr. Suharto was elected to a seventh five-year term last week.

General Wiranto said last week that students should resort to dialogue rather than rallies.

He said that their "constructive aspirations" could be communicated to the armed forces. (Reuters, AFP)



Riot policemen leaving the scene of the University of Pancasila protest in Jakarta on Tuesday.

## BRIEFLY

## Korean Talks Moving Slowly

**GENEVA** — Envoys from North and South Korea met here for a second day of talks Tuesday amid signs that any progress toward improved relations would be slow.

A Chinese assistant foreign minister, Chen Jian, who is leading the talks, which also include the United States, said beforehand that the meeting would give each party a chance to comment on the positions of the others.

Much of the opening session Monday was bogged down in procedural wrangling over seating arrangements and the format of bilateral talks. (AP)

## Philippines to Sift Murder Charge

**MANILA** — President Fidel Ramos of the Philippines ordered an investigation Tuesday into allegations that his vice president, who leads in the race to succeed him in elections in May, had ordered his assassination.

Colonel Reynaldo Berruya, a former close aide to Vice President Joseph Estrada, has accused Mr. Estrada of having asked him to kill Mr. Ramos on several occasions so Mr. Estrada could become president.

The vice president dismissed Mr. Berruya's charge as a "demolition job" designed to weaken his candidacy. He has a wide lead in opinion polls over Mr. Ramos's chosen

successor and the governing party candidate, Representative Jose de Venecia. (AP)

## Indian Parties Agree on Rules

**NEW DELHI** — The main Hindu nationalist party announced Tuesday that it had agreed with its partners on the rules by which their alliance will try to govern India. Details of the platform, which has been the cause of much debate and speculation, will be made public Wednesday by the prime minister-designate, Atal Bihari Vajpayee.

Although his Bharatiya Janata Party won the most seats in parliamentary elections this year, Mr. Vajpayee did not win the majority he needed to govern alone and must rely on support from a score of parties ranging from religious rightists to secular socialists. (AP)

## Thai Prime Minister Optimistic

**BANGKOK** — Prime Minister Chuan Leekpai predicted Tuesday that his government, its popularity reinforced by a new \$1.7 billion U.S. aid package, would easily defeat a no-confidence motion this week.

He met with his cabinet after his return from a visit to President Bill Clinton, who rewarded his handling of Thailand's economic crisis with the assistance. (AP)

## TRAIN: Despite Ban, U.S. Help

Continued from Page 1

nia, said that the training was "certainly not within the spirit" of the law and that it raised "serious questions about a violation of congressional intent. It is clear that it is a circumvention of Congress."

Grover Joseph Rees, an aide to Representative Smith, said: "We have all these restrictions on IMET and they just get around it by using JCET."

The Pentagon was unable to say Monday how much the JCET training program for Indonesia cost, how many troops were trained or which military office ran the program.

A Defense Department official said the program was no secret to well-informed members of Congress. She said it was "better to train and engage and interact and gain influence with successive generations of Indonesia officers" than to stop the training. She could cite no evidence that the training improved those officers' respect for human rights.

Congress partly restored financing for training in Indonesia in 1995, under an "expanded" IMET program theoretically limited to training in human rights, civilian control and accountability. But under the program, Indonesia

was able to buy at least one course in military training directly from the Pentagon, which was another legal way around the legislation, Pentagon officials said.

Representative Evans conceded that the training was legal, but called it "the Pentagon's loophole to the law." He said he was "curious to know why U.S. taxpayer dollars are being wasted on aiding and abetting a ruthless military organization."

Representative Nancy Pelosi, Democrat of California, said that the training was "a clear violation of the law" and that it was "a direct circumvention of Congress."

## Building Falls Near Bombay, Trapping 25

Reuters

**BOMBAY** — Rescue workers used spotlights and bulldozers Tuesday to sift rubble for 25 people thought to be trapped in a collapsed building near Bombay.

At least one person was killed, officials said.

They reported that the six-story residential building, home to 18 families in the suburb of Malad, 40 kilometers (25 miles) northwest of the main business district, collapsed late in the afternoon.

The building was recently evacuated after residents were warned that it was in dangerous condition, the officials said. But some families stayed on, they added.

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## One Eye on the Plug, Auckland Gets Back to Work

The Associated Press

**AUCKLAND, New Zealand** — Merchants in central Auckland had reopened most shops by Tuesday but kept electric generators on standby on sidewalks outside in case of another prolonged blackout.

One by one starting Jan. 22, all four cables feeding electricity into the commercial heart of New Zealand failed, creating power outages that businesses estimated cost them \$60 million a week.

Two of the cables have been partly restored and are carrying 40 percent of their usual electric load until they are proven reliable.

But about half the businesses in central Auckland, including many in high-rise buildings, still can operate only from the suburbs or from other cities with reliable electricity.

The 60,000 to 80,000 commuters who came into the city daily to work and shop are only beginning to return. Most stores said business was down 50 percent; some lost 85 percent or more of their trade.

It is not known what caused the power cables to fail, and experts say it may take six months to a year to find out. The government has begun its own investigation and is due to report in June.

Mercury Energy, the utility, has suggested the cables broke down as a result of the heat and huge demand.

Underlining the devastating impact of the blackouts, the government released figures Tuesday showing that one out of every 20 New Zealanders works in central Auckland.

As the global telecom market liberalizes, how will countries share the revenues from basic telecommunications services?

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1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 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1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 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2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 22

## INTERNATIONAL

## As Czech Skinheads Escalate Attacks, Gypsies Start to Put Up a Fight

By Peter S. Green  
International Herald Tribune

PRAGUE — Helena Bihariova, 26, did not deserve to die on the night of Feb. 17. Her only crime was to be a dark-skinned Czech citizen of Gypsy origin in the northern Czech town of Vrchlabi.

For three young, crew-cut Czech men, that was enough. On a bridge above the Elbe River, they beat and kicked Mrs. Bihariova, a mother of four, and threw her unconscious into the fast-running, icy waters.

A radio journalist dived in after Mrs. Bihariova and managed to grab her while holding on to a tree root. But the root snapped, and the police rescued only the journalist, Jitka Pílarova, several hundred meters downstream. The three attackers were arrested several hours later.

The past weeks have seen a new string of attacks on Gypsies by Czech skinheads, junior fascists with signature nylon bomber jackets and lace-up

boots. Their racist, neo-Nazi rhetoric and rock music characterize the Gypsies as subhumans. But for the first time, Gypsies (or Romanies, as they prefer to be known) have begun to strike back at whites, attacking skinheads and even policemen.

At least 20 people have been killed in racially motivated attacks in the Czech Republic since 1992, nearly all of them Romanies, according to the Helsinki Citizens' Committee, a human rights group.

The skinhead movement is secretive, but according to local press reports there are at least several thousand Czech skinheads, mainly in their teens and early 20s, grouped in 10 or more organizations, many linked to neofascist movements abroad. They include White Aryan Supremacy, Bohemia Hammer Skins and Vlastecka Liga (Fatherland League).

Since January, the homes of at least two Romanies have been firebombed, while other racist attacks — including an assault by skin-

heads on a Congolese physician and on a dark-skinned Afghan student — have raised fears.

Ivan Vesely, a Romany political leader, said that in Ostrava, a depressed northern industrial town, he had seen posters signed by the Fatherland League challenging local Romanies to battle.

He and other leaders say the tension in the Romany community is worse than at any time in decades. Several elements are to blame, they say: Mrs. Bihariova's death, the skinheads' growing potency and a series of recent court cases that the leaders say show a double standard in applying Czech laws to racially motivated crime.

The death of Mrs. Bihariova was a catalyst, Mr. Vesely said. "The Romans aren't letting themselves be beaten up anymore."

The attacks and growing tension with the majority white community has taken its toll on Czech Romanies.

Last summer, after a television documentary showed Czech Romanies living a better life as refugees in Canada, hundreds sold their belongings

and fled to Canada and Britain to ask for asylum. Most were refused asylum and returned home.

In the aftermath of the latest round of violence, many of the estimated 300,000 Romanies in the Czech Republic are again looking to leave. Last week, a Romany delegation visited the U.S. Embassy in Prague to ask for visas.

One commentator, Petr Placák, wrote Friday in the daily Lidové Noviny: "The tension in the Romany community (which is the most frequent though not the only victim of skinhead attacks) is evidently mounting. It is only a question of time when emotions develop into a real explosion of violence."

While successive governments have made efforts to improve the lot of Czech Romanies and to ease racial tension, a vocal minority openly attacks the Gypsies.

A member of Parliament from the extreme-right Republican Party said he would introduce a law "making Gypsies illegal." Nothing came of his words, but the Republicans hold 18 seats in

Parliament's 200-member lower house, and polls show they could win 12 percent of the vote in parliamentary elections in June.

That worries Romanies who say they often feel like second-class citizens in their own homeland. A January poll showed that nearly one in three Czechs were against living in the same community as Romanies, and 14 percent of Czechs wanted them expelled from the country. Yet the poll also showed that two-thirds of Czechs had no strong opinions about Romanies.

Spurred by its spokesman, Vladimír Mlynar, the new Czech government has begun to help integrate Romanies into mainstream society and has formed a Romany-led commission to look for ways to improve their lot.

The Czechs' treatment of Romanies is also being examined by the European Union, which the Czechs hope to join early next century.

But Romany leaders say that the white majority has to accept that Romanies are Czech and to clearly condemn racism.

## Ailing Yeltsin To Stay Home For the Week

Compiled by Our Staff From Dispatches

MOSCOW — President Boris Yeltsin of Russia reluctantly bowed to medical and possibly political advice on Tuesday and canceled all engagements this week to avoid complicating a respiratory infection.

Among the events canceled was a top-level meeting Thursday in Moscow of the Commonwealth of Independent States, a loose grouping of 12 former Soviet republics. The meeting will be rescheduled in late April.

The cancellations indicated that Mr. Yeltsin was not recovering as quickly as had been reported. The Russian leader, who contracted a respiratory infection and lost his voice last week, had been expected to stick to an active schedule this week.

But the presidential press service said in a statement that doctors had decided that the 67-year-old president, a famously uncooperative patient, should stick to his treatment at the Gorky-9 state residence outside Moscow where he has been since Friday.

In Kiev, however, the Interfax-Ukraine news agency quoted the Ukrainian Foreign Ministry as saying that political as well as medical factors prompted the postponement of the commonwealth meeting.

Some Russian media and analysts made a similar point, saying that Mr. Yeltsin could have faced criticism for not preparing the meeting more thoroughly or for a large number of political absences.

"It looks as if the summit agenda was not ready," said a political analyst, Andrei Kortunov. "The Russian side might have decided it needs more time to sort out the problems."

Mr. Yeltsin remained "partially bedridden" and was taking antibiotics, the Kremlin's press service said.

His doctors urged him to speak as little as possible to avoid further strain on his vocal cords. His doctors have described his ailment as an inflammation of the larynx and trachea.

Mr. Yeltsin still plans to go ahead with a meeting March 25 and 26 with Chancellor Helmut Kohl of Germany and President Jacques Chirac of France in the central city of Yekaterinburg, according to the Russian Foreign Ministry. (Reuters, AP)

## CLINTON: Popularity With Voters Steady

Continued from Page 1

Mrs. Willey could bring a shift in public opinion that might mean serious trouble for the president, who has flatly denied any sexual contact with her.

Yet, public backing for Mr. Clinton's job performance remains solid even after the Willey interview, according to results of major polls that were made public Tuesday. The high levels of support have perplexed the president's critics and surprised even his supporters.

Polls by CBS, ABC and CNN, all of them based on surveys taken a day after Mrs. Willey's televised appearance, showed that two-thirds of Americans support Mr. Clinton's job performance. This is a historically high level for presidents in the middle of a second term.

In the CBS poll and a Gallup survey for CNN, Mr. Clinton's personal approval rating rose in the last week to an identical 67 percent, though the increases in both cases were within the range of statistical error.

Seventy percent of those surveyed by ABC said they believed he should remain in office based on what is known now.

White House aides said that the Willey notes made public Monday, while casting no direct light on the 1993 meeting, nonetheless showed a woman who sounded friendly and gave no sign of the "anger" toward Mr. Clinton that she expressed on "60 Minutes."

Among the notes were: "One dated June 17, 1994, in which she told Mr. Clinton that hearing a speech he had delivered in France to commemorate the D-Day invasion in 1944 was 'the proudest I have been that you are our president.'"

"One dated Oct. 18, 1994, in which she said: 'I don't need to remind you of my willingness to help you in any way that I can.'"

"One dated Nov. 11, 1994, in which she said: 'There are so very many people who believe in you and what you are trying to do for our country' and called herself Mr. Clinton's 'number one fan.'"

On Dec. 1, 1993, two days after the meeting in question, a Clinton aide, Nancy Hennrich, logged a call from



Prime Minister Bertie Ahern of Ireland, in Washington on Tuesday. He was flanked by President Bill Clinton, left, and Newt Gingrich, the speaker of the House, at a St. Patrick's Day lunch at the Capitol.

## IRISH: After 150 Years of Emigration, They Can Go Home Again

Continued from Page 1

has become the European site of choice for scores of global companies.

Aided by integration with the European Union, its economy grew at an estimated 8 percent last year, the fastest in Europe and among the fastest in the world. It added 150,000 jobs in the three years that ended in April and has developed chronic shortages of skilled and professional workers.

Construction companies, whose cranes stand the Dublin skyline, sometimes advertise for workers and get no qualified applicants. But Eugene Houston, author of a book called "Working and Living in Ireland," says a strong economy is not enough to account for the returns. What really counts, she says, is a national trait: Wherever they are, "Irish people want to go home."

"I went for one year of experience" in England, said Graham Prole, an industry association executive who recently returned from London. "But after seven of them I was still there. It was like going to the pub for a pint."

The catastrophic famine that began in 1845 triggered the great outflow from Ireland — more than a million people left in the next decade. The flow continued strong in the late 19th and early

20th centuries, as Ireland helped populate the United States (according to U.S. Census figures, about 40 million of the 270 million Americans claim Irish ancestry) and other English-speaking countries such as Australia and Canada.

In the 1970s, the flow reversed for a while as the economy improved. Then it soured again and the outward flight continued. Ireland lost close to 200,000 people in the 1980s.

The tide turned in the year that ended mid-April 1996, during which a net 5,700 people moved to Ireland. The number was 15,000 in the year that ended in April 1997, and anecdotal evidence suggests it has continued strong.

For Grainne Hely, working at a computer company in Scotland, the turning point was a job fair that companies held at a Dublin hotel at the Christmas season of 1996, knowing the expatriates were in town in force. On her way to the airport at the holiday's end, she stopped in and passed out 10 résumés. She said she got three inquiries of interest.

By the following June, she was home and found companies fighting over her. "Your skills don't fit into what they want, but they're desperate," she explained. "They say, 'Try it!'" She's now a trainer at Moss Technol-

ogy, an Irish computer services firm.

It's not Irish who are moving to Ireland; the good times are drawing young people from all over Europe. Their arrival has given Dublin a cosmopolitan feel, with restaurants of many cuisines, a vibrant music scene, film festivals, and theater. "It's quite comfortable living," said Tania Dalley, a German-British woman who works as a telemarketer for the American software firm Oracle Corp. "All the social activities you'd want to do are right at your doorstep."

In Washington, Talk of Peace President Bill Clinton turned up the heat on parties to the Northern Ireland peace process Tuesday, insisting the time is now or never to end the conflict. Agency France-Press reported.

"This is the chance of a lifetime for peace in Ireland," Mr. Clinton said at a White House ceremony with Prime Minister Bertie Ahern of Ireland. "You must get it done," he added.

He urged the leaders here celebrating Saint Patrick's Day to make the concessions needed for an agreement, assuring them that "no one will be the loser."

Mr. Ahern concurred that the rare moment for peace should be seized. "We are in the end game," he said.

Kathleen Willey

Dear Mr. President,  
What a wonderful week you have had! Congratulations on all of your well-deserved successes.  
I would very much like to have a few minutes of your time to discuss something of importance to me.  
I will wait to hear from you —  
Sincerely,  
Kathleen Willey

A note from Mrs. Willey to Mr. Clinton, signed "Fondly, Kathleen." The note was sent before the meeting in which she alleged he fondled her.

clear whether the president responded. Various letters indicated that Mrs. Willey had given Mr. Clinton a tie after the disputed meeting and invited him to a party.

The speedy response by the White House to her televised comments con-

trasts sharply to its reluctance to provide records or information about Mr. Clinton's contacts with Monica Lewinsky, a former White House intern who alleged that she had an affair with the president. Mr. Clinton has denied that.

## ISRAEL: British Foreign Secretary's Visit to East Jerusalem Sparks Diplomatic Incident

Continued from Page 1

But the brief meeting with Mr. Ta'ari, amid mayhem as reporters and Jewish protesters jostled Mr. Cook, appeared to diminish any chance that Israel would meet his hopes of a bigger EU role in peacekeeping.

Nonetheless, Mr. Cook said later Tuesday that his meeting with Mr. Netanyahu had been friendly.

"It was quite amicable," Mr. Cook told Israel's Channel One television after an hour-long meeting with Mr. Netanyahu. "I explained the role the European Union can play in the peace process, the very substantial contribution that we make to funding the peace process."

But Mr. Netanyahu focused on Mr. Cook's visit to Har Homa, saying the Briton had pledged not to meet Palestinian officials at the site. "This, to my

regret, was not honored," he said. "Our security people were totally surprised by the changes in the plan."

"The issue of Jerusalem is a cardinal one in our eyes and it is important for us to inform any guest in Jerusalem and anyone who wants to contribute to the peace process that Israel is sovereign in Jerusalem and will remain so," Mr. Netanyahu said.

The contretemps comes as Mr. Netanyahu is concerned about both the United States and Europe trying to impose their ideas for breaking the deadlock in the Middle East peace talks. With his current treatment of Mr. Cook, Mr. Netanyahu apparently was trying to signal Washington that he would not be pressed into making concessions.

Mr. Netanyahu's complaints capped days of wrangling between Israel and Britain over the symbolism of the visit by the project in East Jerusalem, the

sector claimed by Palestinians as the site of a future capital.

Israeli officials complained that Mr. Cook tricked them by meeting with Mr. Ta'ari after promising not to tour the site with Palestinians.

But Mr. Cook said he had "scrupulously carried out what had been agreed" upon with Israel. Mr. Cook had planned to see the site with Feisal Husseini, the top Palestinian Liberation Authority official in Jerusalem, but backed off after furious Israeli protests.

Mr. Cook also said he had agreed not to be briefed by Palestinian officials at the site but made no promise to shun Palestinians during his visit.

At the site, the Israeli cabinet secretary, Danny Navet, briefly met Mr. Cook opposite Har Homa to explain Israel's position on Jerusalem.

Accompanied by Mr. Ta'ari, Mr. Cook was met by a torrent of abuse from

## FINNS: Drafting Russia Policy for the EU

Continued from Page 1

commissioned. The Finns are seriously concerned about pollution of the water table in frontier regions. Organized crime and drug trafficking originating in Russia are getting out of hand.

Mr. Lipponen says that the EU cannot let such problems slide for long and that a framework to handle them — the Northern Dimension — is becoming urgently necessary.

The main scope of the Northern Dimension would be trade and development in a region stretching across the Nordic nations to the Urals and up to the Arctic Circle, an area with 60 million inhabitants.

This would entail building trans-border roads, railways and pipelines, but it could also open a new sea route to the Far East around the northern coast of Russia.

"If the EU is as good as its word in saying that it wants to bring the east closer to our institutions, then obviously infrastructure is something that does the trick," said Jukka Valtasaari, a former ambassador to Washington and secretary of state at the Foreign Ministry.

Although Finland would clearly be the first to benefit from an increase in cross-border trade, Mr. Lipponen said the Northern Dimension was intended to benefit the entire EU and would be a counterpart to the community's Mediterranean program, which aims to establish a region of stability and security to the south of the EU through various bilateral and multilateral agreements.

The southern countries have expressed concern that resources will be taken away from them as the EU focuses its attention on Eastern and Central Europe with its impending enlargement early in the next century.

It was thus of significance when Prime Minister Antonio Guterres of Portugal, speaking during a visit to Helsinki, said he would support the Northern Dimension.

Mr. Guterres' endorsement was key because Portugal will take over the presidency of the EU from Finland in the first six months of the next century and will therefore have the task of carrying out any decisions reached during the Finnish presidency.

Clearly the initiative would cost an undisclosed but indisputably large sum, and it remains to be seen whether EU members will be willing to dig into their pockets while resources are likely to be drained by the Eastern enlargement process. But Mr. Lipponen says the EU cannot afford to neglect the relationship with Russia.

The European Commission, the EU's executive arm in Brussels, is studying the Finnish proposal and is scheduled to have a report ready for a summit meeting in Vienna at the end of this year.

Although Mr. Lipponen has won support in the Iberian Peninsula, he seems to be having some difficulties with his neighbors in Scandinavia. A Danish committee report in the Nordic Council — which harmonizes legislation in Denmark, Finland, Iceland, Norway and Sweden — had to be watered down recently after it disparagingly compared Helsinki's enthusiasm for the EU with its previous policy of "finlandization."

That is a loaded word here. To Western observers it meant a policy of accommodation and subservience to the Soviet Union.

Finns saw "finlandization" as a smart strategy of "stroking the bear" while enabling their country to remain attached to the democratic, Western camp.

The draft Danish report, as reported by the Helsinki newspaper Helsingin Sanomat, said Finland "wished to bind itself as tightly to the EU as possible to emphasize that it was no longer tied to the Soviet Union/Russia." Danish sources confirmed that the report existed, but played down its importance.

Still, it appeared to reflect a certain irritation over Finland's policies among the other Nordic countries. They were not consulted about the Northern Dimension project — but then, Norway and Iceland are not members of the EU, although Denmark and Sweden are. Defense Minister Tarmo Halonen of Finland commented: "The EU is not the same as the Nordic states. The more important thing is to seek the backing of a majority in the EU."

Finland has enthusiastically supported the proposed European single currency, which it sees as a way of moving from the periphery of the EU into the heart of its decision-making. Sweden and Denmark have chosen to remain out of Economic and Monetary Union. Finland disappointed them when it voted last December to exclude them, and Britain, from the informal council of finance ministers that will coordinate policy in the single currency zone of up to 11 countries.

Finland also broke ranks with Sweden and Denmark when it voted with the majority of EU members to open the community's Eastern enlargement process to a restricted group of countries that are considered to be most prepared, including Estonia, Poland, the Czech Republic and Slovenia.

Sweden and Denmark had strongly argued in favor of including Lithuania, Latvia, Slovakia, Romania and Bulgaria in the enlargement process, warning that to leave them out would create new divisions in Europe.

Observers say that membership in the EU has given Finland the confidence to rethink and reshape its entire security policy, which during the cold war was focused on the protection of its frontiers. Although it is not a member of the North Atlantic Treaty Organization, it has moved closer to it, contributing troops to peacekeeping operations in Bosnia and discussing joint defense needs in the region.

Russia would view NATO membership for Finland as "an extremely serious threat," according to a senior Russian military spokesman, General Leonid Ivashov. Mr. Lipponen, however, hinted that Finland did not consider its security policy to be set in concrete. That policy, he said, was not neutrality but nonalignment.

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## EDITORIALS/OPINION

## Herald Tribune

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## New Phase for Clinton

## Character at Issue

This is a peculiar moment in what will surely be remembered as one of the oddest modern presidencies. Part of what makes it peculiar is that we have so much information and yet still know so little about what kind of man Bill Clinton really is. It is certainly possible, as Mr. Clinton said again on Monday, that he never had sexual overtures to Kathleen Willey and that he never propositioned Paula Jones or seduced Monica Lewinsky. But it is also true that the American people would not be surprised if he turned out to be lying in all three cases.

Obviously, someone is lying. Just as obviously, the unfolding saga of the Clinton presidency has entered a new phase. Feminist organizations are finding their voices, as are politicians such as Senator Susan Collins, Republican of Maine, and former Representative Patricia Schroeder, Democrat of Colorado. What they are saying is that Mrs. Willey has moved the crisis beyond its bimbo-eruption phase. Even a proven charge of sexual aggression against a mature, trusting

woman in the throes of a family crisis probably would not shake Mr. Clinton's hold on his office, but it would permanently fix him in the public mind as a person of ignoble character.

The magnitude of this threat explains why Ann Lewis used the "Today" show on Monday to start the White House effort to do to Mrs. Willey what John Danforth of Missouri and other Republicans did to Anita Hill. That is to say that whatever the facts of Mrs. Willey's life, there will be a continuing effort to paint her as an erotically obsessed person who continued to write and call her accused attacker.

We may never know with certainty whether Mr. Clinton has behaved badly toward these women or is just unlucky in the way people talk about him. But it is possible to trace how the Clinton presidency is shaping voters' expectations for the future. Americans are not naive enough to expect candidates with uncomplicated personal lives. But we may see a resurgence of the old conviction that character counts, and that rigorous inquiry into the character of presidential candidates is not an intrusion but a civic obligation.

—THE NEW YORK TIMES.

## Answers, Please

When Newsweek magazine first reported allegations that President Bill Clinton had groped Kathleen Willey in the White House, the president's lawyer, Robert Bennett, said his client had "no specific recollection of meeting [her] in the Oval Office." On Monday, the day after Mrs. Willey told her story on CBS's "60 Minutes," Mr. Clinton, in denying her account, said, "I have a very clear memory of the meeting."

This is not the first time Mr. Clinton has amended past utterances concerning his relations with women. He revised his presidential campaign in 1992 by publicly denying Jennifer Flowers's claim that she had had a 12-year affair with him. "That allegation is false," he told "60 Minutes." This, to Mr. Clinton, was not a lie. "I have absolutely leveled with the American people," he insisted.

Under oath in his deposition this year in the Paula Jones case, however, Mr. Clinton changed the truth somewhat. Asked if he had ever had sexual relations with Ms. Flowers, he responded: "The answer to your question... is yes." His account now is that the two had sex only once, in 1977.

Similarly, when Paula Jones first accused the president of sexually harassing her, the White House denied everything. "It is not true. He does not recall meeting her. He was never alone in a hotel with her." Yet the president's lawyers, during settlement negotiations, prepared a proposed apology in which he would say "I have no recollection of meeting Paula Jones on May 8, 1991, in a room at the Excelsior Hotel. However, I do not challenge her claim that we met there... She did not engage in any improper or sexual conduct." Now, even as they still contend that he does not remember meeting Ms. Jones, the president's lawyers have introduced an affidavit alleging that Ms. Jones said she enjoyed their encounter.

## Good Doctor Spock

Babies do not arrive with owner's manuals. But for three generations of American parents, the next best thing was "Baby and Child Care," which has sold nearly 50 million copies since it was first published in 1946. Benjamin Spock, who died on Monday, was a quiet revolutionary who breathed humanity and common sense into child-rearing, and passionately extended his concerns to the cause of peace. At the height of the Vietnam War, he saw the tragedy of all those children raised under the guidance of his book going off to fight in a senseless war.

Dr. Spock could never understand why such critics as the Reverend Norman Vincent Peale and Spiro Agnew saw him in the 1960s as a proponent of instant gratification and rebelliousness. In advising parents, he was neither permissive nor authoritarian. His most famous suggestion was "Trust yourself," a dramatic break from the rigid, didactic advice contained in parent guides until that time. The greater shortcoming, Dr. Spock said, was vacillation and being too eager to please. He told parents to respect their children

but not to flinch from insisting that this respect be returned.

There was a quixotic quality to his politics. He spoke out against the war, suggesting to students that they could resist the draft. He was convicted of conspiracy to aid draft resistance, but the conviction was overturned on appeal. He ran for president in 1972 on the People's Party ticket, knowing that sales of his books had begun to suffer because of his politics. But sales revived, and a new generation of children's specialists like T. Berry Brazelton and Penelope Leach were happy to hail his teachings as their inspiration.

The intimate connection that most Americans had with Dr. Spock came in the middle of the night when consulting his book meant the difference between reassurance and anxiety over the unknown. He lightened the burden by telling parents that even if they made a mistake, it was not the end of the world, or of the child. He gave confidence and power to parents by telling them to think for themselves, which is not bad advice for those who raised.

—THE NEW YORK TIMES.

## For Chinese, Too, Politics Is About the Pocketbook

By Thomas L. Friedman

HENG DAO, China — While monitoring village elections in northeastern China with a U.S. observer team, I wandered through the hamlet of Heng Dao, dropping in on a farmer-turned-mechanic who had geese and pigs in the front yard but a stereo and color-television inside his brick hut.

Our interpreter asked him what happened to the loudspeaker that the Communist Party had in his "brigade," as small villages were known in Mao's day. The loudspeakers were used to blare out instructions and propaganda from the party. "We took it down last year," the villager said. "No one wanted to listen to it anymore. We have stereo and TV now."

There are many things you learn observing village elections in China, but the overriding impression is this: Not only is China's move toward a free market irreversible, it is now being driven as much from the villages up as from Beijing down.

When people say that in China today the government's only ideology — and basis of legitimacy — is its ability to keep incomes rising, they are so right. Ideologically, the Chinese Communist Party is dead.

In the village campaign speeches we heard, the Communist Party was mentioned in only the most perfunctory references. Instead, every candidate dwelled on his commitment to be "practical" or "pragmatic" in finding ways to raise village incomes.

Sure, the party is still in control, but without any message. None. That's why they have taken down the loudspeakers. There is only one message from the party to the masses now: Get a job.

Indeed, what is so striking out here on the Nebraska-like plains of Manchuria is that the pressures on advanced economies — to downsize and streamline government, to seek out foreign investors, to plug into global markets and to become more competitive and more diversified — are squeezing Chinese villages as well.

Almost no one is beyond the frontiers of globalization anymore, even Heng Dao village.

As China becomes integrated into the global market, the Chinese regime is being forced to reduce subsidies to state industries, reduce social benefits and

pressure the whole society to become more competitive. That leads to pressure on the provinces and then the counties, and ultimately it trickles down to Heng Dao, where water buffalo share the roads with motor scooters.

Listen to the campaign speeches for village chief here, and tell me they don't sound as if they are running for mayor of Toledo, Ohio.

The incumbent, Jiang Ying, "I have tried to be very pragmatic in leading the village on the road to wealth. Our annual income is now 2,300 yuan per year. The budget is much smaller, and during my tenure we've gotten many cadres off the village payroll. If elected, we need to introduce more science and technology into agriculture, get more enterprises here and speed up procedures for generating wealth [because] the whole world is turning into one big market for merchandise."

I asked him where he got such ideas. The village has only one telephone. He answered: "I read newspapers. I listen to radio. We have a window frame factory here. Right now we only sell locally, but we were told that if we improved the quality, we can sell abroad, make more money."

His challenger, Chen Guoshuang, vowed: "I will bring happiness to the village. I will use more technology which is the key to bringing wealth. First, we must diversify our economy. Families in Brigade 8 planted sunflowers in hothouses and made much profit. We are near the paved road. We should be in the shipping business. One of our villagers did that last year and earned 10,000 yuan. Really!"

"We can walk with many legs. We will operate our window frame factory according to market demands. We must learn all about the market for aluminum, and improve our factory. With profitable village enterprises, we can reduce taxes, and our children can go to school without us having to pay fees."

So there you have it. All politics is local. All politics is global.

Almost everyone now is feeling the same pressures, constraints and opportunities. Almost every government, no matter how big or small, is having to put on the same Golden Straitjacket — which increases economic growth but shrinks political choices.

Just ask Chen Guoshuang, Jiang Ying and the mayor of Toledo, Ohio.

The New York Times.

## Mediated Political Negotiation Is What Kosovo Needs

By Aaron Rhodes

VIENNA — The Contact Group has called on Slobodan Milosevic to "commit himself publicly to begin a process of dialogue" with the leadership of the Kosovo Albanian community. It urged Belgrade to offer the Kosovars "to enter without preconditions into a meaningful dialogue on political status issues."

Dividing further into the swamp of sensitivity group language, the Contact Group offered to "facilitate such dialogue."

It is doubtful if any of the foreign ministers in the Contact Group would want such a "dialogue" with any power subjecting his or her own society to the kinds of measures that the Albanians in Kosovo have endured at the hands of the Serbian police for almost a decade.

Can anyone be expected to engage in a "dialogue" with another person holding a knife to his throat — a knife that has already drawn blood?

Dialogue presupposes equality among partners who exchange ideas and probably seek agreement. Any real dialogue is indeed "without preconditions," as stipulated by the Contact Group.

"Preconditions," however, exist in Kosovo. The Albanians there have lived for years under conditions similar to those suffered by Jews in Nazi-controlled parts of Europe just before World War II.

They have been ghettoized. They are not free, but politically disenfranchised and deprived of

basic civil liberties. They live in fear of torture and murder, in an atmosphere of terror.

It is not surprising that the Milosevic government, responding to the Contact Group, proposed "open dialogue" with the Kosovars, because it is dealing from a position of overwhelming force. It can make concessions from a pot of accumulated power.

Remarks by the Albanian leader Adam Demaci illustrate the inappropriateness of the idea of a "dialogue" in such circumstances. He said there had been no "preparation" for the talks; no agreement had been reached on a "framework" for "dialogue." He noted that the Serbian representatives had

come for a dialogue "as lords to their servants."

A dialogue would work only if the actual preconditions were removed — that is, if the complex array of Serbian policies that have pauperized the Albanians in Kosovo, subjecting them to a kind of apartheid, were removed. A dialogue would work only if the two sides had equal rights.

Kosovo does not need dialogue. What it needs instead is an internationally mediated political negotiation.

Where is Richard Holbrooke when we need him again? The Helsinki Human Rights Committee in Kosovo, Serbia and Montenegro have proposed that a "Dayton-like" process be initiated. It would require large human and material re-

sources; careful preparation and negotiation of terms; a search for any possible mental space on both sides, in order to leave room to maneuver; creating space when none can be found.

And it would require a huge investment of political capital. One of the major world players has to step up to the plate, ready to break a cycle of violence and tragedy. A major power or a coalition of powers will have to risk failure, in order to shield us all from the risk of war.

In other words, it will require leadership.

The writer is executive director of the International Helsinki Federation for Human Rights. He contributed this comment to the International Herald Tribune.

## First Impunity, Then a Crime Wave in Latin America

By Jorge G. Castañeda

NEW YORK — Nearly a quarter of a century after he led a coup d'état that overthrew President Salvador Allende, Augusto Pinochet, 82, has finally relinquished command of Chile's armed forces. He left the presidency in 1989 but remained commander in chief until last week, when the constitution he enacted in 1980 required him to step down. In exchange, he was appointed senator for life.

This appointment, as well as the milestone represented by the resignation, has unleashed a passionate debate in Latin America on how democracies should deal with the ghosts and horrors of their recent past.

Congressmen and activists in Chile are seeking ways to try

General Pinochet or block his Senate appointment. President Eduardo Frei has found himself forced to respect a constitution that in this regard at least is outrageously undemocratic.

There is resurgent discussion in Argentina of the 1987 legislation ending investigation and punishment of military officers responsible for that country's "dirty war" of the 1970s, and of President Carlos Menem's pardon of convicted army generals.

In Mexico, the opposition is confused about how to deal with past human rights violations. It is trying to determine what to do about the corruption that has plagued Mexico for de-

cadres and now impels public opinion to intensely demand some sort of retribution.

Initially, the debate seemed simple and forthright. The military, it was believed, would leave power only if they were promised immunity from prosecution for their crimes.

The South American dictatorships would give way to elections, civilian rule and an emergent civil society if they were promised a relatively painless return to the barracks and strict limits on finger-pointing and rumormongering through the past.

Today in Mexico, intellectuals and opposition leaders from the right and the left wonder what to do: whether to in-

vestigate and punish outgoing autocrats perceived by public opinion to have been immensely corrupt, yet who remain immensely powerful; or to let bygones be bygones in the name of a smooth and peaceful transition to democratic rule.

The Latin American political and intellectual elites who negotiated the transitions in the 1980s agreed at the time that the best solution was to accept the military's blackmail. This, it was thought, was not too high a price to pay for their departure.

With some exceptions — the Mothers of the Plaza de Mayo in Buenos Aires, the Chilean Communist Party, the Uruguayan hard left — this quid pro quo appeared to be acceptable to society at large.

Apparently, no more. And the motives for the second-guessing are not hard to discern. Beyond the crucial and painful ethical questions raised by the families and friends of victims whose tormentors simply walked away from their crimes, dire political consequences of the blanket pardons are now more clearly palpable.

If no one is seriously punished, there is no good reason to believe that history will not repeat itself.

Consider the continuing pressure exerted by the perpetrators of authoritarian rule. The senators-for-life appointed by General Pinochet have become a formidable obstacle to attempts by Chilean democrats to repeal the dictatorship's economic and social legislation and push forward their own agenda.

This even though the current governing coalition has won 50 to 60 percent of the vote in elections since 1989.

• And what of the effects of

impunity on society? In several Latin American countries (as in South Africa), a crime wave is submerging governments and societies. Security forces are overwhelmed by drug cartels, petty thieves, professional kidnappers and ordinary citizens who have, perhaps rightly, concluded that crime pays.

If the torturers, murderers and thieves of the past can get away with anything, why not everyone else? If in South Africa defenders of apartheid, and white former police officers, can confess their horrendous crimes to the Truth and Reconciliation Commission and then go largely unpunished, the common criminals of urban areas may be reaching the right conclusion: Anything goes.

It is increasingly difficult to reconstruct the rule of law in Latin America while determining that it will not apply to exiled presidents, former dictators or midlevel military officers.

It will not be easy to go back to the arrangements and commitments made years ago in Chile and Argentina. Mexican attempts to investigate historical disasters ranging from the 1968 student massacre to inside deals on the recent bank privatizations may all prove futile.

Perhaps the most significant effect of the current introspection lies elsewhere — in forcing elites and public opinion to re-evaluate simplistic conclusions and see that they were too quick and easy for anybody's good.

The writer, author of "Con Pinochet: The Life and Death of the Guayana," lives in New York and Mexico City and teaches at New York University. He contributed this comment to the New York Times Special Features.

## Look Who's Running Britain

By Roy Denman

LONDON — There has been much excitement lately about the interference of Rupert Murdoch, the media tycoon, with the right to free expression by authors.

HarperCollins, a publishing house now owned by Mr. Murdoch, contracted with Chris Patten, the last governor of Hong Kong, to publish an account of his experiences. These turned out to be highly critical of China. Fearing an adverse effect on his media interests there, Mr. Murdoch, who is referred to engagingly in internal HarperCollins memoranda as KRM, ordered the contract canceled.

An attempt to cover this up by alleging that the manuscript was not up to standard backfired. The affair was taken up joyfully by a number of gentlemen who are not fond of Mr. Murdoch, including a newspaper group that is in cut-throat competition with him.

Little sympathy should be spared for Mr. Patten. Anyone who thinks that, knowing nothing of China, he could browbeat its government into making more concessions to democracy in Hong Kong than had been ardently negotiated by those who did know China is evidently naive.

It is equally naive to imagine that Mr. Murdoch is some otherworldly, cloistered academic and not someone in the media business who wants to make a profit.

As it is, Mr. Patten has done well out of the deal. He has secured an apology from the great KRM, a handsome out-of-court settlement from HarperCollins, a new publisher and lots of free publicity.

But let us not miss the point here. The dark side of the influence of media tycoons is not

so much the rejection of manuscripts which, if published, would damage their commercial interests. It is the way in which they can dictate government policy on crucial issues. That has happened in the two most important peace-time decisions by a British government in this century.

The first was in the spring of 1919. Prime Minister David Lloyd George had become convinced that the terms being negotiated in Paris of what would later become the Treaty of Versailles were unduly harsh on a defeated Germany.

Jan Smuts, the South African prime minister, warned him that such a treaty would result in another war in a generation. Lloyd George retired with his advisers to Fontainebleau and wrote a trenchant memorandum to that effect. "Injustice, arrogance, displayed in the hour of triumph, will never be forgotten or forgiven."

The memorandum leaked. On April 8, a telegram inspired by Lord Northcliffe, the KRM of the day, and signed by 200 MPs was sent to Lloyd George in Paris. It spoke of "the greatest anxiety" at any watering down of the peace terms. The telegram was published in full the next day in the Times (then owned by Northcliffe). Lloyd George backed down.

In June, the vindictive Treaty of Versailles, inflicted on Germany at gunpoint, was signed. Without that national humiliation, Hitler would never have come to power. The Second World War would not have happened.

The second case was in the autumn of last year. A new

Labour government had to decide whether or not to join a single European currency. It decided on a policy of indecision. Britain might or might not join in 2002.

But in six weeks' time the euro will be up and running. A bloc of 11 countries will begin forming a new superpower of 290 million people and a GNP of \$6.5 trillion. For years, Britain will be on the outside, looking in.

The reason for the second decision, too, was fear of antagonizing a press magnate.

Ever since the Labour Party first took office in 1924, it has never completed two full consecutive terms. So Tony Blair is desperately anxious to win the next election. Meanwhile, Mr. Murdoch is aware that on any question of limits on media ownership, a British prime minister will be more amenable than a clutch of officials in the European Commission in Brussels.

If Tony Blair opted now for further integration into Europe, the Murdoch press (in particular the Sun, with its 8 million readers) would savage him. Not that Mr. Murdoch would give orders to this effect. It would simply be that, by some mysterious process of thought transfer, his editors would share his convictions.

In 1919, the real prime minister was not Lloyd George but Northcliffe. The real minister now is not Tony Blair but Rupert Murdoch.

Britain has long had cause to regret the first. It will come to regret the second.

The writer, a former representative of the European Commission in Washington, contributed this comment to the International Herald Tribune.

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## OPINION/LETTERS

## A Momentous Blunder on NATO

By David S. Broder

WASHINGTON — This week the United States Senate, which counts among its major accomplishments this year reaming Washington National Airport for former President Ronald Reagan and officially labeling Saddam Hussein a war criminal, takes up the most successful military alliance, the North Atlantic Treaty Organization.

The Senate just spent two weeks arguing over how to slice the pork in the \$214 billion highway and mass transit bill. It will, if plans hold, spend only a few days on moving the NATO shield hundreds of miles eastward to include Poland, Hungary and the Czech Republic.

The reason is simple. As Senator Connie Mack of Florida, the chairman of the Senate Republican Conference, told me while trying to herd reluctant senators into a closed-door discussion of the NATO issue one afternoon last week, "No one is interested in this war," so few of his colleagues think it worth much of their time.

It is a cliché to observe that since the Cold War ended, foreign policy has dropped to the bottom of voters' concerns. But, as two of the veteran senators who question the wisdom of NATO's expansion, Democrat Daniel Patrick Moynihan of New York and Republican John Warner of Virginia, remarked in separate interviews, serious consideration of treaties and military alliances once was considered what the Senate was for.

No longer. President Bill Clinton's national security adviser, Sandy Berger, has pressed the Senate majority leader, Trent Lott, to get the NATO deal done before Mr. Clinton leaves Sunday on a trip to Africa.

When Senator Warner and others said the matter should be delayed until the Senate had time for a full-scale debate, Senator Lott refused. He pointed out that a Senate delegation had joined Mr. Clinton at NATO summit meetings in Paris and Madrid last year (no sacrifice being too great for our solons) and that there had been extensive committee hearings.

Wrapping the three former Soviet satellites in the warm embrace of NATO is an appealing notion to many senators, notwithstanding the acknowledgment by advocates that the Czech Republic and Hungary have a long way to go to bring their military forces up to NATO standards. As the date

for ratification has approached, successive estimates of the costs to NATO have been shrinking magically, but the latest NATO estimate of \$1.5 billion over the next decade is barely credible.

The administration, in the person of Secretary of State Madeleine Albright, has steadfastly refused to say what happens next if NATO starts moving eastward toward the border of Russia.

"The door is open" to other countries with democratic governments and free markets, Mrs. Albright says. The administration is fighting an effort by Mr. Warner and others to place a moratorium on admission of additional countries until it is known how well the first recruits are assimilated.

Mr. Moynihan points out that if the Baltic countries of Latvia, Estonia and Lithuania, which are panting for membership, are brought in, the United States and other signatories will have a solemn obligation to defend territory farther east than the westernmost border of Russia.

He points to a Russian government strategy paper published last December saying that the expansion of NATO inevitably means Russia will have to rely increasingly on nuclear weapons. Senators Moynihan and Warner are far from alone in rais-

ing alarms about the effect of NATO enlargement on U.S.-Russian relations.

The Duma, Russia's Parliament, on Jan. 23 passed a resolution calling NATO expansion the biggest threat to Russia since the end of World War II. The Duma has blocked ratification of the START-2 nuclear arms agreement signed in 1993 and approved by the Senate two years ago.

George Kennan, the elder statesman who half a century ago devised the fundamental strategy for "containment" of the Soviet Union, has called the enlargement of NATO a classic policy blunder.

Former Senator Sam Nunn of Georgia, until his retirement last year the Democrats' and the Senate's leading military authority, told me: "Russian cooperation in avoiding proliferation of weapons of mass destruction is our most important national security objective, and this [NATO expansion] makes them more suspicious and less cooperative."

"The administration's answers to this and other serious questions are what I consider to be platitudes," he said.

To the extent that this momentous step has been debated at all, it has taken place outside the hearing of the American people. Too bad our busy Senate cannot find time before it votes to let the public in on the argument.

The Washington Post



By GARY in The Globe and Mail (Toronto, Feb. 24, 1998)

## LETTERS TO THE EDITOR

## Papon Trial

Regarding "Between Yawns, the Shock of History" (Opinion, March 5) by Amy E. Schwartz:

How sad it is that we continue to drag 87-year-old men to trial hoping, on the basis of 50-year-old evidence, to punish those responsible for the crimes of World War II. True justice after so long a time cannot be reached with any degree of reliability.

Those truly guilty parties that are still alive have lived a long time with their guilt and/or would not acknowledge it under any circumstances. Either way, they soon will pass on to their inescapable final judgment.

I do not understand the passion of those who continue to seek this charge of justice.

Better to follow the South African model: Offer amnesty to any and all who will come

forward to tell their view of the truth.

ROBERT M. FENSKÉ,  
Frontenac, Minnesota.

## Afghan Relief

Regarding "Sovereignty vs. Human Rights" (Opinion, March 12) by Flora Lewis:

Referring to a campaign for the women of Kabul, Flora Lewis writes that it was organized by the European Union and the relief organization Médecins Sans Frontières (Doctors Without Borders).

In fact, the humanitarian medical relief organization that they should have cited was Médecins du Monde (Doctors of the World).

DIANE SELIGSON,  
Paris.

The writer is a spokeswoman for Médecins du Monde.

Médecins Sans Frontières did not organize the "flower for the women of Kabul" campaign with the European Union. We also do not "feel it inappropriate" to discuss how to pressure Afghanistan's Taliban regime, as the article stated.

On the contrary, as an international independent medical relief organization working in Afghanistan since 1980, Médecins Sans Frontières has continued to work in the field and to negotiate locally and internationally for equal access to health care for all people at all levels.

In September of last year, when hospital care for women was severely limited — to 45 hospital beds for the whole of Kabul — we successfully campaigned for the Taliban edict to be reversed. We also highlighted the need for the UN's World Health Organization to honor its own principles and

refrain from funding discriminatory health policies.

Since then, women's access to health care has improved in Kabul, although a lot more collaborative work at all levels is needed if Afghanistan's people are to have equal access to health care.

SAMANTHA BOLTON,  
London.

The writer is a spokeswoman for Médecins Sans Frontières.

## On the Bright Side

Regarding "Mile-Wide Asteroid to Come Dangerously Close" (March 13):

The article focused unnecessarily on the negative aspects of an asteroid impact on Earth. On the bright side, there might be fewer theme parks and halls of fame.

LEE LARSON,  
Paris.

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as yet). In the proposal, the RSC Stratford, as it is in the way anyway, and survives the tourist trade, much like it gets a hit, the company gets the Young Vic, and a little million pound grant should just that. The rest of the one go to Hall, allowing Old Vic and run the bar in the country. The Bar be left to movies, consulting companies and any. These can find, and be dead?

no satirist might think that the Old Vic boarded up; the RSC can manage at the Young Vic, but is still in deep trouble at the Barbican; and the Piccadilly, to judge from a scanty second-night audience at "Godot", is never going to work for Hall the way the Vic did so magnificently last year until the Mirvishes felt forced to sell (so that they have, as yet).

Right, here's the proposal: the RSC withdraws to Stratford, as it is in the process of doing anyway, and survive there on the tourist trade, much like Chichester. If it gets a hit, the company can move it to the Young Vic, and a little of its multi-million pound grant should be left for doing just that. The rest of the grant should not go to Hall, allowing him to buy the Old Vic and run the best classical rep in the country. The Barbican can then be left to movies; conferences, visiting companies and anything else John Yusa can find.

Any bener ideas?

The study, conducted by consultants The Economist Intelligence Unit and research Corporation, also found a 2001 percent increase in non-traditional insurance marketing initiatives over the next five years, including telemarketing, electronic access and the bundling of insurance products with other goods and ser-



Christian Horn

*of musical technique and style.*

the value of this valuable credit.

They've played Cramps, also in New York, and they had "a lot of success in Poland!" and "new contact" in Cr.

tunately, politically incorrect in this business, where being late is "hip." He shows up right on time. "I believe in the power of words," he said. "I think that I should do what I say I am going to do. On every level. If I say I am going to do something, then I do it."

---

## Brooklyn Road

Discipline that is evident in performances. Even when the company could not afford more than a dozen dancers, it was able to keep to its schedule, with none of the last-minute changes and cancellations common to state-owned companies.

"We have never missed a show," Bozzolini boasted.

The company, which is on the road for all but 10 performances a year in Florence, has now performed 80 ballets in all.

It keeps 10 in its current repertoire, which includes varied offerings like Prokofiev's "Romeo and Juliet," choreographed by Fabrizio Monteverde, and "Blue Note" and "Don Giovanni," two newer works by Bionizetti.

"Mediterranea" is the only work being performed on the two-month tour and will be offered at the Joyce Theatre in New York for a week.

"Everyone wants this ballet," said

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"Everyone wants this ballet," said Bozzolini. "It's about seas, about countries, about people overcoming their differences."

bigger and bigger, on to the point that the qualities from which its original success arose are diminished or lost.

"This company is no longer one person or five hundred people," Hassenfeld said after a meretricious "restructuring" imposed by concerns about efficiency and profit.

Later his right-hand man, Al Verrecchia, a bean counter, said: "I ... don't think we can promise a warm fuzzy place anymore. It's not

as they employ Mahler rough tactics to combat Matel's tough competition.

But the reader looking at all this from the outside, unencumbered by personal ties to any of those involved, will have little trouble concluding that this is a mean, nasty business conducted by cynical adults who see children as nothing except tiny cash calves. That is why reading "Toy Wars" is such a thoroughly depressing experience.

*Washington Post Service*

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14 Irene, Oike and Eutoma  
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17 Spooky board  
21 Kind of list  
22 \_\_\_\_\_ Beauty (apple variety)  
23 "Finally!"  
24 Food  
26 Honest one

**DOWN**

25 \_\_\_\_\_ & Chandon (champagne)  
27 Diamond middleman?  
28 Herb sometimes called Chinese parsley  
30 For example  
31 Computer type  
33 Writer Jaffe  
37 Fixed time  
41 \_\_\_\_\_ foo yung  
42 Corner's \_\_\_\_\_  
43 "Eureka!"  
45 Frothy  
48 Way of speaking

49 Formal hat, Informally  
50 Lawyer's hurdle  
52 Frightening  
54 First-rate  
58 Korean steaksman  
59 \_\_\_\_\_ Tômé and Principle  
60 College sports org.  
62 Disgust  
66 Polo competitor  
68 Summit  
70 Bellyache  
71 Nimble  
72 Football's "Armstrong"  
73 Later  
74 Hinders logically  
75 Crest crop  
76 Cooped up at Old MacDonald's

**DOWN**

1 "Hold it!"  
2 Seed badly  
3 Beest covering  
4 Bit of bedwear  
5 Rainy or ally follower  
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32 Right-hand pages  
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34 Up on deck  
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Puzzle by Sharon Smith

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17 Singer Bonnie  
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# BUSINESS TO e-BUSINESS: INSURANCE

## NEW COMPETITORS AND E-COMMERCE SHAKE UP INDUSTRY

Deregulation and changing customer preferences are other factors driving change in insurance.

In spite of its conservative reputation, the insurance industry is entering the era of e-business with open eyes.

Seventy-two percent of insurance executives participating in an in-depth study called "MarketSpace Directions in the Global Insurance World" believed that electronic commerce will have a profound impact on reshaping their industry over the next 10 years.

The study, conducted by IBM and partners The Economist Intelligence Unit and Intersearch Corporation, also predicted a 300 percent increase in non-traditional insurance marketing initiatives in the next five years, including telemarketing, electronic access and the bundling of insurance products with other goods and services.

Ginni Rometty, general manager of IBM's global insurance business, points out that insurance companies

By defining specific communities within the Internet environment, companies can move affinity-group marketing, a stalwart of the insurance industry, into the digital realm.

according to the study. Ms. Rometty adds to that list the evolution of the euro, with both technical and strategic implications for all financial services.

New competitors Insurers see competition from banks and brokerage firms as the most important factor influencing the future of their industry. The latter are viewed as sophisticated marketers, with integrated databases that enable better customer management, product development and promotional communications. The same can be said of non-traditional competitors in retail, telecommunications and computer services.

New technologies such as the Internet, interactive television and electronic kiosks are seen as the next most important factor influencing insurance, says the study.

Some insurance companies have already begun using the Web and intranets to sell and deliver policies, process claims, improve communications with their brokers and bundle their products with those of other companies.

IBM has developed a full range of technology solutions for the industry, which it calls Insure-Commerce. These include products to help with the business-to-business sector.

"Business-to-business communications are growing five times faster than business-to-consumer," points out Ms. Rometty, "and insurance companies can reap great benefits here."

Who is the customer? Insure-Commerce also includes business-to-consumer solutions that include—but go far beyond—the basics of helping insurers develop Internet strategies and Web sites.

An example is IBM's Customer Prospect Optimiser, which reveals what kinds of customers buy what products. It also reveals the preferences



In a global survey, 72 percent of insurance executives said they believe electronic commerce will have a profound impact on their industry. Some insurance companies have already begun using the Web and intranets to sell and deliver policies, process claims, improve communications with their brokers and bundle their products with related types of products and services.

## HOW TO FIND AND KEEP PROFITABLE CUSTOMERS

An integrated profile of a customer can be created from data a company already has on hand.

Insurance marketers today would take heart from Robert Frost's famous line, "Something there is that doesn't love a wall, that wants it down."

The wall separating Mr. Client's account in the same company by policy line means that marketing and customer service never have a full profile of Mr. Client. Did he buy a low-cost term life policy one year and a rather expensive homeowner's policy two years later? Insurance companies wanting to take full advantage of the information stored on their computer systems are often hampered because their existing systems were set up separately by product line. This means that there is no integrated profile of the customer who buys term life one year and a homeowner's policy the next.

Product development based on market segmentation was "relatively crude" in the past, says Thierry Polski, global segment manager, IBM global insurance. But today insurance companies need to understand their customers better, or a competitor who does will take away business.

Some customers want "infinite variety" in insurance offerings, others don't, explains John Moon, IBM global insurance unit. "Companies have to decide which market they want and then develop products for that segment."

For example, Direct Line, a British insurer, offers a few standard policies on-line geared to the middle-class majority. It supports them with high-quality customer care, targeted marketing and low prices.

To build customer management systems, insurance companies must combine the information stored in their databases, such as banks and brokerage firms have been doing for more than a decade. Technology provides the tools to put this data together, cleanse it and store it in data warehouses where it may be accessible to the marketing department, finance or the broker network. "Building a marketing database takes between six and 12 months," says Mr. Polski, "but the payoff can be a significant reduction in marketing costs."

IBM's Customer Prospect Optimiser helps companies identify the most likely prospects for certain lines of business, based on past customer behavior. A campaign management application to help insurance companies build and track their marketing efforts, linking the results to the data warehouse, is also required. "You can follow the different steps of the campaign and gather information from the resulting contacts, whether they come through the agent, a call center, direct marketing or a Web site," explains Mr. Polski.

Just a 5 percent improvement in customer retention rate equals a 36 percent increase in profitability for insurers, according to a study by Bain & Co., a management consulting firm.

### FOR MORE INFORMATION ON e-BUSINESS:

Contact IBM by e-mail at [kbousquet@fr.ibm.com](mailto:kbousquet@fr.ibm.com) or by fax at +331.41.88.52.50. For examples of European e-business initiatives, consult <http://www.europe.ibm.com/nc/customer>.

Look for the "Business to e-Business" series on the IHT Web site at <http://www.ihtribune.com/IHT/SUP/ebiz.html>. The Web version of "Business to e-Business: Insurance" hotlinks the following key words to other relevant Web sites:

● Marketspace ● Internet risks ● Secure Electronic Transaction ● data warehouse

## on the Road

## BUYING ON THE WEB (OR IS IT SELLING?)

Customers are checking out prices on the Net.

Do customers buy insurance, or is it sold to them? The question is a serious one for insurance companies that wonder about selling insurance directly over the Internet.

Because of its nature, insurance is a "grudge service product, not one people seek out spontaneously," says Schoeman Rudman, director, networking computing, IBM global insurance.

It would seem that customers would not be as motivated to shop the Web for

mail and telemarketing. John Moon, marketing manager, customer relationships management solutions, IBM global insurance, describes it as "another technological development of the telephone."

Telemarketing of insurance products has been extremely successful in Britain and in the United States. Although continental Europe today looks at the telephone—and by extension the Internet—more as a service medium than a buying medium, that too is changing.

Checking out prices As a first step, consumers can use the Web to compare prices and features from Web site to Web site.

"Prices are everywhere on the Net," says Mr. Rudman of IBM. He predicts a "huge shakeup in price and value for money."

Second, buyers can turn to new Web-based entrants such as InsWeb or Quicken InsureMarket, and compare quotes from hundreds of companies on one site.

InsWeb takes fees for passing on leads, while Quicken InsureMarket acts more as an agent. With its customer base of about 10 million users, Quicken represents a potential competitor to insurance companies as well as a channel of distribution.

In Sweden, the Internet is being used to sell relatively complex pension plans to a young, computer-literate market. LIVIA is a low-cost insurance and pension company; it wanted to be able to explain to potential customers the future value of their investments.

## ASSESSING THE RISKS OF THE INTERNET

Thanks to the Internet, a new insurance business is being built. The role of insurance companies is to reduce risk, both for individuals and for businesses and organizations. Insurable safety standards level the commercial playing field, creating a stable and secure marketplace. Today's Internet environment is still so new that it is seen as risky by some businesses.

An insurance underpinning would help alleviate that concern.

"We are creating an insurance industry that didn't exist before," says Steve Adler, eRisk solutions manager, IBM global insurance industry.

He points out that insurable risk is based on a properly built system. A company's Web site, intranet and extranets should be well designed, well monitored and properly enforced. "We believe that the Internet is inherently safer than the real world to do business, if it is done right," he says.

Internet risks include damage or theft of valuable information on company databases. Web site managers or Internet Service providers may be liable for financial loss due to inaccurate information offered on a

site or due to a site not working properly. Most content on the Web today has the same kind of legal liability as advertising (unless it is clearly designated as editorial, as in a newspaper). If Web site information is viewed as false, defamatory, libelous or unauthorized, a lawsuit may result.

To develop policies that will cover Internet risk and exposure, insurers need to understand the technological characteristics of the Internet, how they reflect and deviate from more familiar liabilities. A methodology developed by IBM, eRisk, takes insurers through an easy-to-follow question-and-answer process to determine the scope of coverage and the desired definition of terms and exclusions.

This year, U.S.-based Relevance National and Codan of Denmark, among others, will be releasing eRisk insurance products on an international basis. By assessing commercial risk on the Internet, insurance companies "can establish Internet security construction codes and transaction encryption standards, and let market forces—premiums and losses—dictate the winners and losers," summarizes Mr. Adler.

IBM helped them set up an easy-to-follow interactive calculation system over the Web. Prospects fill it out online, and a program calculates their pension and displays it graphically.

The third step is to sell directly on-line. As SET (Secure Electronic Transaction) protocols become more widely used, on-line insurance sales will become more commonplace.

At the IBM-designed Web site of International Health Insurance, a Danish company with clients in more than 150 countries, customers fill out a form with their personal and credit card details and send it on-line. The SET-protected information is processed, and the insurance

policy is sent back electronically. The process can save weeks compared to the fax-and-mail system.

New distribution channel To reinforce the Web's suitability as an insurance distribution channel, on-line electronic linkages are important. Mr. Rudman suggests linking real estate sites to home insurance or travel sites to travel insurance. Banks are already doing this by linking mortgage information to homeowner's insurance.

Two percent of all automobiles in the United States are sold through a Web site called Auto-by-Tel. Geico auto insurance has benefited from its low-cost, high exposure presence on the site.

## NETWORKS SQUEEZE COSTS

Eliminating paperwork saves money and increases efficiency.

Every business today is interested in reducing costs. The insurance industry—with paper and personnel costs among the most onerous in financial services—is especially motivated to do so.

As lower-cost-of-business models enter their market, existing insurance companies are being forced to rethink how they do business. "If they don't, the market will fragment around them while they worry about their broker network," says John Moon, marketing manager, customer relationships management solutions, IBM global insurance.

One way to reduce costs is to reduce paperwork. Today, says Graham Mansfield, insurance solutions manager for IBM, 90 million transactions take place per day for commercial insurance. Most of this flow among risk managers, brokers, underwriters and reinsurers is handled by hand or by fax, with just a little beginning to appear in e-mail.

IBM has just announced a strategic alliance with the London Insurance Market Network (LIMNET) to develop a common platform that will facilitate information flow among the various parties in commercial insurance.

Call centers, computer-assisted customer-service management and the Internet hold great promise for cost reductions and increased efficiency.

Some insurance companies have already realized that the Internet is not an "either-or" with their existing distribution networks of tied or independent agents. Quite the opposite: The Internet and its associated technologies can help companies work more closely with their agents and brokers, lowering costs, raising productivity and improving customer service.

For example, a Forrester Research study found that the underwriting process dropped from eight to two weeks using Net-based



technology for application data.

Agents with intranet (internal network) connections to an insurer spend less time on paperwork and administration and more time "doing what people do best, serving the customer," says Michael Gazala, a senior analyst at Forrester.

The reduction of sales and general administration costs is desirable in any business, points out Mr. Moon of IBM, because it reduces paper, processes and personnel. "And S&GA has not been heavily automated in insurance," he notes.

Intranet links through IBM's InsureIntra and InsureAgent solutions facilitate updates on new products and marketing strategies, make it possible for agents to take training courses right at their desks and simplify claims procedures. One application, InsureGlass, is being used by Guardian Insurance in Canada for auto glass claims.

"The benefits to our organization are numerous," says Gord Seaton, a claims manager at Guardian. He lists "an improved audit trail, standardized claims processing, reduced handling time that frees up valuable manpower and reduced potential for error."

"BUSINESS TO e-BUSINESS: INSURANCE" is the seventh page in a series that addresses the impact of electronic business on various industries. It is an IHT/IBM initiative sponsored by IBM and produced by the IHT Advertising/Supplements Department. Writers: Claudia First, based in the South of France. Illustrations: Karen Shecker-Wilson. Program Director: Bill Mahler.

INTERNATIONAL  
Herald Tribune IBM

**Reversal of Fortune**

Over the last three years, corporate earnings and stock prices have grown at roughly the same pace, 8 percent. But according to a Federal Reserve study, these rates of growth rarely coincide. The current bull market, stocks have outpaced earnings, a trend that suggests may end soon.

**S&P 500 annualized rate of return**

Category	Rate
36% STOCKS	36%
EARNINGS	8.8%
6.2%	6.2%
5.4%	5.4%
7.6%	7.6%
7.8%	7.8%

SOURCE: KANSAS CITY, Federal Reserve

## Q8 Results: Trap Ahead for Bulls?

By David Barboza  
New York Times Staff Writer

**NEW YORK** — They call it the "seasonal season," the period when America begins to wince at the troubles that lie ahead. It is a time near the end of the year when companies begin to list their bad news, acknowledge sagging sales growth at home, deplete inventories, flog off surplus equipment, flog off surplus inventory and deplete their cash at home, deplete their cash at home, deplete their cash at home.

At Honey Co., Nike Inc., Intel Corp., Compaq Computer Corp. have all issued first-quarter forecasts, and most stock analysts to lower their estimates for these companies' market value. All these forecasts are for the first quarter of 1991, which analysts now expect to be the company's biggest challenge.

But in the first quarter of the decade, the market is beginning to show signs of a trap ahead for bulls. Will the company's earnings be just a blip or something more?

Analysts, an optimistic group, continue to make robust forecasts for the second half of the year. But their forecasts prove overly optimistic, as some vocal market strategists say, investors may be in for a rude awakening in the latter part of the year.

"We think there's going to be a big drop in profits this year," said Charles L. Harris, an economist at DRI/McGraw-Hill. "We're calling it a big drop in profits this year."

For six years of mostly double-digit growth, the case for a longer lasting boom is growing. Labor costs are rising, companies are grappling with the 2000 computer software problem. The economic squeeze in Asia is only going to take its toll on American exports. And after years of restructuring and productivity improvements, companies appear to be running out of ways to expand their profit margins.

From the rosy stock analysts' forecasts, companies have conspired against each other early this year. First Call has been "falling like a stone" in recent weeks. IBES Inc., an analyst, another earnings watchdog, has estimated that the company's earnings suffered the largest downward revision last month in the last five years. Since Jan. 9, estimates for quarterly earnings growth have been cut from 10 percent for the year to the lowest since 1991.

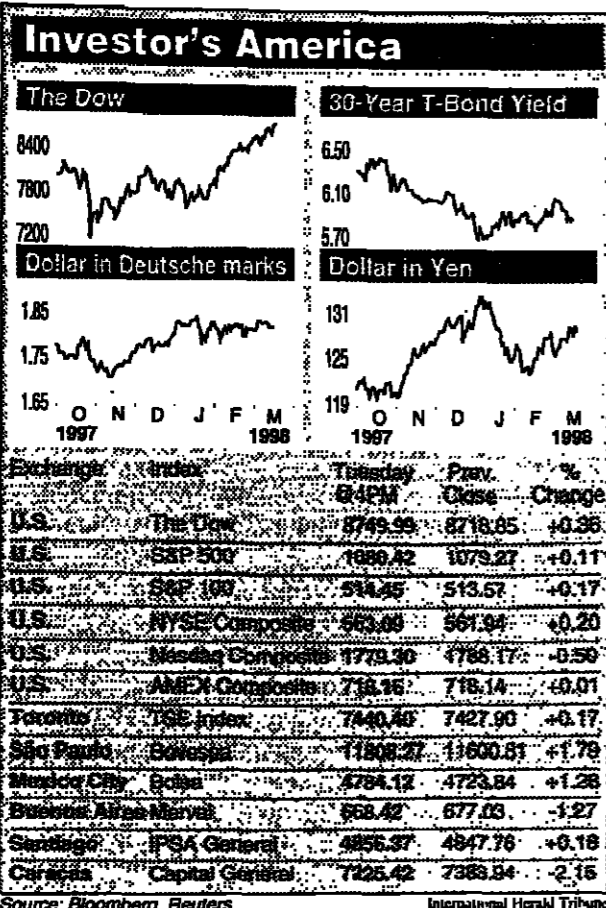
The haven't seen anything like this other recession of 1990," said James A. O'Sullivan, a senior economist at Citicorp.

**See PROFITS, Page 17**

<b>Rates</b>	Malay. ring.	0.3057 3.83	Singapore Straits
20-day	60-day	90-day	

*World Headquarters of  
Republic National Bank of  
New York in New York.*

## THE AMERICAS



## Very briefly:

- Apartment Investment & Management Co. said it had agreed to acquire some holdings of Insignia Financial Group Inc. in a \$910 million deal that combines the largest U.S. operators of multifamily housing.
- Texas Utilities Co. is seeking to increase its bid for Energy Group PLC of Britain to a 22 percent stake from a 14.9 percent stake, market sources said. Texas is battling PacificCorp for control of the British group.
- The American Bankers Association said the number of U.S. credit-card holders behind on their payments fell in the fourth quarter of 1997 to 3.04 percent of credit-card accounts, a three-year low, from 3.53 percent in the third quarter, as banks reaped the benefits of tighter limits on credit-card usage.
- Comsat Corp. sold its RSI telecommunications equipment company to TEG Industries Inc. for about \$116.5 million almost a year after putting it up for sale.
- Safety-Kleen Corp. agreed to be acquired by Laidlaw Environmental Services Inc. for \$2.1 billion, ending months of fighting over the waste-management company's hostile bid.

## Dow Jones to Sell 'Markets' Service

NEW YORK — Dow Jones & Co. acknowledged Tuesday that it would sell its financial information service soon, the first time that the media giant was specific in its intentions for the ailing subsidiary.

Dow Jones, in a filing with the Securities and Exchange Commission, said the sale of Dow Jones Markets would come "shortly."

Dow Jones, the publisher of The Wall Street Journal, last year lost \$802.1 million because of charges of \$922.5 million to write down the value of Markets. Bridge Information Systems Inc. had reportedly been near an agreement to buy Markets, but negotiations between the two sides broke down this month.

## Mixed Signals From Japan

## Weigh on Dollar

Bloomberg News

NEW YORK — The dollar slipped against the yen on Tuesday amid mixed signals from Japanese officials on the government's plans to revive the stagnant economy. The yen was lifted after Taku Yamashita of the Liberal Democratic Party said the

## FOREIGN EXCHANGE

governing party was considering a plan to lower the maximum income-tax rate to 45 percent or 50 percent from 65 percent, according to Jiji Press.

"The whole world is telling them they need to do something dramatic to get their economy going," said Richard Koss, a currency strategist at MFR Inc. The plan was holding the dollar back, he said.

In 4 P.M. trading, the dollar was at 128.82 yen, down 129.61 yen from Monday.

Koji Omi, director-general of the Economic Planning Agency, said the government's latest proposal was two-thirds complete and contained measures that would give the economy an immediate jolt. He added, however, that it would be delayed past its expected release date next week and that the government was undecided about whether to increase spending.

"We all know the Japanese economy is in pretty poor shape, and everyone's waiting to see what this fiscal package is going to be," said Jay Bryson, international economist at First Union Capital Markets.

The dollar was quoted at 1.8189, virtually unchanged from Monday ahead of a closely watched report on West German business confidence due Thursday.

Investors are awaiting the Ifo economic research institute's report for any signs Germany's nascent recovery might be picking up speed.

Against other major currencies, the dollar edged up to 6.0985 French francs from 6.0975 francs and to 1.4793 Swiss francs from 1.4780 francs.

The pound rose to \$1.6743 from \$1.6680.

## Blue Chips Inch Ahead, but Tech Shares Fall

Compiled by Our Staff From Exchanges

NEW YORK — U.S. stocks were mixed Tuesday, with blue-chip shares in record territory but technology shares dropping after a report said the Asian turmoil would undermine computer companies' profits and a semiconductor maker reported a loss.

Oil-related issues also declined, as a benchmark price for crude oil fell below \$13 for the first time in nine years.

The Dow Jones industrial average finished up 31.14 at 8,749.99, a record high.

The broader-based Standard & Poor's 500 index edged up 1.18 point, to 1,080.45, but the technology-heavy Nasdaq Composite index fell 8.88 points, to 1,779.30.

Stocks were little affected by two reports offering mixed economic sig-

nals. The Commerce Department said construction of new homes and apartments, propelled by low mortgage rates and good weather, jumped 6 percent in February to the highest level in more than a decade. But the

## U.S. STOCKS

government also reported that industrial production failed to show an increase for the first time since 1996.

But bonds dropped on the data, which gave investors little incentive to buy government paper with yields at the lowest level in more than three weeks.

Bond investors were looking for more conclusive evidence that the economy is slowing, after it grew at its fastest pace in almost a decade last year. The jump in housing starts

served as a reminder that low rates often spur buying, fueling growth. The benchmark 30-year Treasury bond fell 1/32 to 103 10/32, pushing its yield up to 5.88 percent from 5.86 percent on Monday.

"In order for us to buy, yields would need to climb some more," said Michael Kennedy of Stein Roe.

"Things seem to be, at least on the manufacturing side, slowing down," said Ted Flint of First Midwest Trust Co. "I'm mildly bullish."

A slowdown might limit inflation, which eats into the value of bonds fixed payments. U.S. manufacturers are expected to be hit by the ongoing economic turmoil in Asia as U.S. exports to the region decline and cheap imports into the United States rise.

Among stocks, Micron Technology fell 1/4 to 32 after the maker of

semiconductors reported a loss from operations for its second quarter.

A report by International Data Corporation said, "Sagging Asian economies and continued price volatility in the memory segment have dampened, but not extinguished, worldwide semiconductor revenue growth."

Micron's loss was \$1.1 million, or 14 cents a share, on revenue of \$1.1 billion, down from \$1.2 billion, or 14 cents a share, on revenue of \$1.2 billion, in the second quarter of 1997.

Chevron fell 1/16 to 82 1/16 and Exxon dropped 1/4 to 62 1/16 on the declining oil prices. "Nobody wants them," said John Cleland of Security Benefit Group. "As the price goes down, exploration activity is less attractive, and that argues against any one wanting to own anything that's in oil production." (AP/Bloomberg)



President Menem will propose new labor laws.

## Argentine Labor Plan Favors Unions

By Clifford Krauss  
New York Times Service

BUENOS AIRES — In an uncharacteristic rebuff to big business, President Carlos Saul Menem this week to propose a package of labor regulations that leaves intact most government-mandated severance benefits and limits companies' right to hire part-time workers.

Officials said Monday that Mr. Menem's proposal would end several years of policy debates within the governing Peronist Party on how to change Argentine labor laws inherited from the time of General Juan Domingo Peron in the 1950s. In the end, they said, Mr. Menem decided to leave the old structure virtually untouched.

The labor plan, which the Argentine Congress is expected to pass, would modestly help businesses by limiting required severance payments for new workers to the equivalent of 15 months' wages. Otherwise, the proposal fulfills a long list of union demands that will leave the General Confederation of Workers, or CGT, in a commanding position in economic affairs.

National labor leaders would retain the power to negotiate contracts covering workers in entire sectors of the economy, including companies large and small, national and foreign. The government would oversee a law passed three years ago, which created 12 categories of temporary employment and allowed private companies to hire thousands of part-time employees without paying payroll taxes.

Business executives, having pressed for a plan that would guarantee part-time employment status and allow for separate labor contracts covering individual companies, were critical. They said the plan was a political maneuver by Mr. Menem to pick up labor support in an attempt to win his Peronist Party's nomination for a rare third term in elections next year.

Government officials denied the decision was political, contending that the policy would be good for the country. They noted that private companies had flourished in recent years.

The president's new proposal includes no provision regarding health plans and leaves companies with the full responsibility of paying severance equivalent to one month's wages for every year of service, up to a limit of 15 years. Executives call this a deterrent to hiring new workers.

## Washington Mutual to Acquire Ahmanson for \$9.9 Billion

Compiled by Our Staff From Exchanges

LOS ANGELES — The largest U.S. savings-and-loan bank, Washington Mutual Inc., said Tuesday it was expanding further with a deal to buy closest rival, H.F. Ahmanson & Co., for \$9.9 billion in stock.

The purchase will create the seventh-largest financial institution in the United States, serving nearly 6 million households, mostly in the West, with more than 2,000 offices and nearly \$150 billion in assets.

The banks, which fought over the \$8 billion purchase of Great Western Financial last year, said their boards of

directors had approved the deal, which is expected to close as a tax-free transaction late in the third quarter.

The deal is expected to result in consolidation of 5,000 to 5,500 jobs, or about 10 percent of the more than 31,000 people now employed by the two companies.

Washington Mutual also said it would consolidate 160 to 170 branches after the acquisition. The deal should generate savings of \$330 million a year, the company said.

Under the terms of the buyout, Ahmanson shareholders will get 1.12 shares of Washington Mutual stock

for each Ahmanson share. That represents a price of \$80.36 per share for Ahmanson stock based on the closing price Monday for Washington Mutual.

That also represents a 33 percent premium over Ahmanson's closing price Monday on the New York Stock Exchange of \$65.50 a share.

Kerry Killinger, president and CEO of Washington Mutual, will remain head of the combined company, whose name will continue to be Washington Mutual.

"With this transaction, we are creating a premier institution that will have the size and scope of the largest

banks yet continue its focus on consumers and small business," Mr. Killinger said.

Ahmanson also said that because of the deal with Washington Mutual, it had ended a \$400 million stock-repurchase program announced in November.

Ahmanson is the parent company of Home Savings of America, a consumer and business bank that operates 40 branches in Texas.

Ahmanson's shares finished Tuesday at \$78.50, up \$13. Washington Mutual's shares were at \$73, up \$1.25. (AP/Reuters)

## AMEX

Tuesday's 4 P.M. Close  
The 300 most traded stocks of the day, up to the closing on Wall Street.  
The Associated Press.

Stock	Price	High	Low	Open	Close
AMEX	117.28	117.35	117.20	117.25	117.28
AMEX 300	117.28	117.35	117.20	117.25	117.28
AMEX 500	117.28	117.35	117.20	117.25	117.28
AMEX 1000	117.28	117.35	117.20	117.25	117.28
AMEX 1500	117.28	117.35	117.20	117.25	117.28
AMEX 2000	117.28	117.35	117.20	117.25	117.28
AMEX 2500	117.28	117.35	117.20	117.25	117.28
AMEX 3000	117.28	117.35	117.20	117.25	117.28
AMEX 3500	117.28	117.35	117.20	117.25	117.28
AMEX 4000	117.28	117.35	117.20	117.25	117.28
AMEX 4500	117.28	117.35	117.20	117.25	117.28
AMEX 5000	117.28	117.35	117.20	117.25	117.28
AMEX 5500	117.28	117.35	117.20	117.25	117.28
AMEX 6000	117.28	117.35	117.20	117.25	117.28
AMEX 6500	117.28	117.35	117.20	117.25	117.28
AMEX 7000	117.28	117.35	117.20	117.25	117.28
AMEX 7500	117.28	117.35	117.20	117.25	117.28
AMEX 8000	117.28	117.35	117.20	117.25	117.28
AMEX 8500	117.28	117.35	117.20	117.25	117.28
AMEX 9000	117.28	117.35	117.20	117.25	117.28
AMEX 9500	117.28	117.35	117.20	117.25	117.28
AMEX 10000	117.28	117.35	117.20	117.25	117.28
AMEX 10500	117.28	117.35	117.20	117.25	117.28
AMEX 11000	117.28	117.35	117.20	117.25	117.28
AMEX 11500	117.28	117.35	117.20	117.25	117.28
AMEX 12000	117.28	117.35	117.20	117.25	117.28
AMEX 12500	117.28	117.35	117.20	117.25	117.28
AMEX 13000	117.28	117.35	117.20	117.25	117.28
AMEX 13500	117.28	117.35	117.20	117.25	117.28
AMEX 14000	117.28	117.35	117.20	117.25	117.28
AMEX 14500	117.28	117.35	117.20	117.25	117.28
AMEX 15000	117.28	117.35	117.20	117.25	117.28
AMEX 15500	117.28	117.35	117.20	117.25	117.28
AMEX 16000	117.28	117.35	117.20	117.25	117.28
AMEX 16500	117.28	117.35	117.20	117.25	117.28
AMEX 17000	117.28	117.35	117.20	117.25	117.28
AMEX 17500	117.28	117.35	117.20	117.25	117.28
AMEX 18000	117.28	117.35	117.20	117.25	117.28
AMEX 18500	117.28	117.35	117.20	117.25	117.28
AMEX 19000	117.28	117.35	117.20	117.25	117.28
AMEX 19500	117.28	117.35	117.20	117.25	117.28
AMEX 20000	117.28	117.35	117.20	117.25	117.28
AMEX 20500	117.28	117.35	117.20	117.25	117.28
AMEX 21000	117.28	117.35	117.20	117.25	117.28
AMEX 21500	117.28	117.35	117.20	117.25	117.28
AMEX 22000	117.28	117.35	117.20	117.25	117.28
AMEX 22500	117.28	117.35	117.20	117.25	117.28
AMEX 23000	117.28	117.35	117.20	117.25	117.28
AMEX 23500	117.28	117.35	117.20	117.25	117.28
AMEX 24000	117.28	117.35	117.20	117.25	117.28
AMEX 24500	117.28	117.35	117.20	117.25	117.28
AMEX 25000	117.28	117.35	117.20	117.25	117.28
AMEX 25500	117.28	117.35	117.20	117.25	117.28
AMEX 26000	117.28	117.35	117.20	117.25	117.28
AMEX 26500	117.28	117.35	117.20	117.25	117.28
AMEX 27000	117.28	117.35	117.20	117.25	117.28
AMEX 27500	117.28	117.35	117.20	117.25	117.28
AMEX 28000	117.28	117.35	117.20	117.25	117.28
AMEX 28500	117.28	117.35	117.20	117.25	117.28
AMEX 29000	117.28	117.35	117.20	117.25	117.28
AMEX 29500	117.28	117.35	117.20	117.25	117.28
AMEX 30000	117.28	117.35	117.20	117.25	117.28
AMEX 30500	117.28	117.35	117.20	117.25	117.28
AMEX 31000	117.28	117.35	117.20	117.25	117.28
AMEX 31500	117.28	117.35	117.20	117.25	117.28
AMEX 32000	117.28	117.35	117.20	117.25	117.28
AMEX 32500	117.28	117.35	117.20	117.25	117.28
AMEX 33000	117.28	117.35	117.20	117.25	117.28
AMEX 33500	117.28	117.35	117.20	117.25	117.28
AMEX 34000	117.28	117.35	117.20	117.25	117.28
AMEX 34500	117.28	117.35	117.20	117.25	117.28
AMEX 35000	117.28	117.35	117.20	117.25	117.28
AMEX 35500	117.28	117.35	117.20	117.25	117.28
AMEX 36000	117.28	117.35	117.20	117.25	117.28
AMEX 36500	117.28	117.35	117.20	117.25	117.28
AMEX 37000	117.28	117.35	117.20	117.25	117.28
AMEX 37500	117.28	117.35	117.20	117.25	117.28
AMEX 38000	117.28	117.35	117.20	117.25	117.28
AMEX 38500	117.28	117.35	117.20	117.25	117.28
AMEX 39000	117.28	117.35	117.20	117.25	117.28
AMEX 39500	117.28	117.35	117.20	117.25	117.28
AMEX 40000	117.28	117.35	117.20	117.25	117.28
AMEX 40500	117.28	117.35	117.20	117.25	117.28
AMEX 41000	117.28	117.35	117.20	117.25	117.28
AMEX 41500	117.28	117.35	117.20	117.25	117.28
AMEX 42000	117.28	117.35	117.20	117.25	117.28
AMEX 42500	117.28	117.35	117.20	117.25	117.28
AMEX 43000	117.28	117.35	117.20	117.25	117.28
AMEX 43500	117.28	117.35	117.20	117.25	117.28
AMEX 44000	117.28	117.35	117.20	117.25	117.28
AMEX 44500	117.28	117.35	117.20	117.25	117.28
AMEX 45000	117.28	117.35	117.20	117.25	117.28
AMEX 45500	117.28</				

EUROPE

# BASF and Bayer Post Record Profits for '97

Compiled by Our Staff From Dispatches

BASF AG and Bayer AG posted record profits Tuesday for 1997, as both companies overtook the previous leader in the German chemicals industry, Hoechst AG.

BASF's pretax profit rose 21 percent last year, to 5.33 billion Deutsche marks (\$2.93 billion), as sales rose 14 percent, to 55.78 billion DM. BASF's sales placed it first among Germany's "big three" chemicals makers.

Bayer moved to second in the sector on 1997 sales of 55 billion DM, a 13 percent increase. Hoechst earlier reported that it had 52.1 billion DM in sales last year.

Bayer's pretax profit rose 14 percent, to 5.11 billion DM, and it said earnings and sales would grow 4 percent in 1998, which would make for another record earnings report.

Growth at both Bayer and BASF was fueled by strong foreign demand, as well as favorable exchange rate factors.

Bayer shares finished 10 pfennig higher at 79.55 DM. The company had released preliminary results last week. BASF shares rose 1.15 DM to 73.80 DM.

"The BASF numbers were very, very good," said Christine Dienhart, analyst at Bayerische Vereinsbank in Munich. "Better than our expectations. It's a strange situation because everyone was expecting a positive surprise. But this is a very positive surprise."

Hoechst is going through a restructuring to transform itself into a pure life-sciences company by 2000, and its sales have been hit by the disposal of noncore chemicals subsidiaries.

The Swiss pharmaceuticals company Novartis reported a net profit of 5.21 billion Swiss francs (\$3.53 billion) for the first full year since it was created by the merger of Ciba-Geigy AG and Sandoz AG.

The 1997 profit was 43 percent higher than what the companies earned the previous year, while sales rose 19 percent, to 31.18 billion francs. The company eliminated 9,100 jobs last year but added 2,400 employees, half of them outside of Switzerland.

Other major European companies also reported results included: •Diageo PLC's pretax profit was 1.95 billion (\$3.26 billion) in 1997 before exceptional items, a 2 percent

increase over the 1996 results for the units making up the 1997 merger. Sales were 212.39 billion, down from the 213.44 billion generated in 1996 by the beverage operations of Grand Metropolitan PLC and Guinness PLC.

•Credit Suisse Group, the parent of the investment bank Credit Suisse First Boston Inc., posted 1997 net profit of 1.01 billion francs, against 1.01 billion in 1996, and predicted difficult years to follow.

The insurer, which gives its results with a three-year delay, said that final figures, as well as projected 1996 and 1997 results, would be published in May.

•Continental AG said pretax profit rose 26 percent, to 155 million DM, for the fourth quarter, amid cost-cutting. Net profit for the year rose 67 percent, to 322 million DM. (Reuters, AP, AFP, Bloomberg)



Manfred Schneider, the chairman of the board of Bayer AG, announcing record earnings Tuesday at a press conference.

# Asia Turmoil Hits Michelin And LVMH

Compiled by Our Staff From Dispatches

PARIS — Michelin SA and LVMH Moët Hennessy Louis Vuitton SA are suffering heavily from the Asian crisis, both companies reported Tuesday.

LVMH, the world's largest seller of luxury goods, said sales at its DFS Group duty-free chain, whose shops are mostly in Asia, fell 16 percent in dollar terms last year and 20 percent in the first two months of 1998, as the number of tourists in the region fell.

Michelin, the world's largest tire-maker, said that Asian sales excluding Japan fell 9 percent in 1997 and that 1998 would be another year of "recession" in the region.

LVMH, whose products include Hennessy cognac and Moët champagne as well as cosmetics and luggage, said profit rose 23 percent in 1997, to 4.52 billion francs (\$700 million). But it warned that it was cautious about 1998.

Sales soared 54 percent in 1997 to 48.03 billion francs, while operating profit rose 19 percent to 8.3 billion francs.

Operating profit on champagne and wine rose particularly sharply, climbing 32 percent, but profit on cognac and spirits fell 13 percent to 1.56 billion francs.

Nonetheless, Hennessy cognac improved its world market share to 33 percent, with a 17 percent increase in North American sales compensating for the weakness of the Japanese market, the company said.

Michelin's 1997 profit rose 34 percent to 3.88 billion francs, or 28.5 francs per share. Analysts had expected 1997 earnings per share of 29.50 francs.

Michelin's profit rose 34 percent in 1997, to 3.88 billion francs, because of higher North American and European sales and cost-cutting efforts. But the company also took an exceptional charge of 153 million francs to cover the sharp declines in several Asian currencies.

"While sales grew strongly in South America and Japan, they fell markedly in Southeast Asia and South Korea because of the worsening situation" in the second half, the company said.

LVMH shares fell 29 francs to 1,244 francs, while Michelin stock fell 39.6 francs to 369.3 francs. (Bloomberg, AFP)

# Paris Gets Windfall From Its Stock Portfolio

Bloomberg News

PARIS — The rising profits and higher dividends this year of French companies will benefit a major shareholder in need of money: the government.

Dividends from just three state-controlled companies — France Telecom SA, Thomson-CSF and Renault SA — should reach at least 1.1 billion francs (\$835.1 million) this year.

Including the withholding tax the government also collects on dividends, the three companies will pay the state the equivalent of 0.1 percent of gross domestic product. That amount can be crucial as the government struggles to keep its deficit at or below 3 percent of GDP to qualify for Europe's planned Economic and Monetary Union.

"Whether it's turnaround efforts at the companies themselves, or just the economic turnaround, there's no question that they are going to be a major help to the state accounts this year," said Hugues de Montvalon, economist at Oddo & Cie.

France Telecom, the former telephone monopoly in which the government sold a 25 percent stake in October, is expected to announce Wednesday that it posted a profit of 15 billion francs for 1997.

It has said it will pay 40 percent to 50 percent of its earnings in dividends this year, its first as a listed company. With the government still holding 75 percent, that would mean at least 4.5 billion francs for the state.

France will also receive 386 million francs in dividends from its 48 percent stake in Renault SA. The carmaker said last week it would pay a dividend of 3.5 francs a share, its first since 1996, as it rebounded to a 5.43 billion franc profit from a loss of 5.25 billion the year before.

And Thomson-CSF, a maker of electronic systems, said last week it would raise its dividend 29 percent, to 3.6 francs a share, providing 249 million francs for the government, which has a 58 percent stake in the company.

# GEC Might Bid For Lockheed and Northrop Defense Units

Bloomberg News

LONDON — General Electric Co. of Britain said Tuesday it might bid for some of the business of Lockheed Martin Corp. and Northrop Grumman Corp. if the companies put them up for sale.

Lockheed Martin is weighing disposals to meet the U.S. Justice Department's concerns that its \$12 billion purchase of Northrop Grumman will limit competition in procurement of military matériel.

The Washington Post reported that the Justice Department was pressing both companies to come up with a plan by Wednesday to overcome antitrust objections.

"We've said we'd be interested in increasing our base in U.S. defense electronics," a GEC spokesman said, adding, "It's possible some opportunities may arise." GEC set up a 6 billion European currency unit (\$6.52 billion) credit facility last month, adding to a cash pile that stood at 12.1 billion (\$2 billion) last September.

"I don't think there's much doubt they have the firepower to do some major deals," said Michael Blogg, an analyst at Charterhouse Tilney Securities. He has a "buy" rating on GEC's shares. They rose 15 pence Tuesday in London, to close at 442 pence.

# WORLD STOCK MARKETS

Tuesday, March 17

Prices in local currencies.

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Height	Weight	Age	Sex	Occupation	Education	Marital Status	Religion	Political Party	Income	Assets	Liabilities	Notes
5-7-4	160	30	M	Teacher	High School	Married	Buddhist	Liberal	¥100,000	¥50,000	¥20,000	Good health, active lifestyle.
5-8-4	155	25	F	Homemaker	Elementary School	Single	Buddhist	Conservative	¥80,000	¥30,000	¥10,000	Stable, reliable.
5-9-4	170	35	M	Engineer	University	Married	Buddhist	Liberal	¥120,000	¥60,000	¥25,000	Highly educated, professional.
5-10-4	165	28	F	Nurse	High School	Married	Buddhist	Liberal	¥90,000	¥40,000	¥15,000	Stable, reliable.
5-11-4	150	22	F	Student	University	Single	Buddhist	Liberal	¥60,000	¥20,000	¥5,000	Young, energetic.
5-12-4	175	32	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥110,000	¥55,000	¥22,000	Stable, reliable.
5-13-4	160	27	F	Homemaker	High School	Single	Buddhist	Liberal	¥85,000	¥35,000	¥12,000	Stable, reliable.
5-14-4	170	33	M	Engineer	University	Married	Buddhist	Liberal	¥125,000	¥65,000	¥28,000	Highly educated, professional.
5-15-4	165	29	F	Nurse	High School	Married	Buddhist	Liberal	¥95,000	¥45,000	¥18,000	Stable, reliable.
5-16-4	150	23	F	Student	University	Single	Buddhist	Liberal	¥65,000	¥25,000	¥6,000	Young, energetic.
5-17-4	175	34	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥115,000	¥58,000	¥24,000	Stable, reliable.
5-18-4	160	26	F	Homemaker	High School	Single	Buddhist	Liberal	¥90,000	¥40,000	¥15,000	Stable, reliable.
5-19-4	170	31	M	Engineer	University	Married	Buddhist	Liberal	¥130,000	¥70,000	¥30,000	Highly educated, professional.
5-20-4	165	30	F	Nurse	High School	Married	Buddhist	Liberal	¥100,000	¥50,000	¥20,000	Stable, reliable.
5-21-4	150	24	F	Student	University	Single	Buddhist	Liberal	¥70,000	¥30,000	¥8,000	Young, energetic.
5-22-4	175	36	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥120,000	¥60,000	¥26,000	Stable, reliable.
5-23-4	160	28	F	Homemaker	High School	Single	Buddhist	Liberal	¥95,000	¥45,000	¥18,000	Stable, reliable.
5-24-4	170	32	M	Engineer	University	Married	Buddhist	Liberal	¥135,000	¥75,000	¥32,000	Highly educated, professional.
5-25-4	165	31	F	Nurse	High School	Married	Buddhist	Liberal	¥105,000	¥55,000	¥22,000	Stable, reliable.
5-26-4	150	25	F	Student	University	Single	Buddhist	Liberal	¥75,000	¥35,000	¥9,000	Young, energetic.
5-27-4	175	37	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥125,000	¥65,000	¥28,000	Stable, reliable.
5-28-4	160	29	F	Homemaker	High School	Single	Buddhist	Liberal	¥100,000	¥50,000	¥20,000	Stable, reliable.
5-29-4	170	33	M	Engineer	University	Married	Buddhist	Liberal	¥140,000	¥80,000	¥35,000	Highly educated, professional.
5-30-4	165	30	F	Nurse	High School	Married	Buddhist	Liberal	¥110,000	¥60,000	¥24,000	Stable, reliable.
5-31-4	150	26	F	Student	University	Single	Buddhist	Liberal	¥80,000	¥40,000	¥10,000	Young, energetic.
5-32-4	175	38	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥130,000	¥70,000	¥30,000	Stable, reliable.
5-33-4	160	30	F	Homemaker	High School	Single	Buddhist	Liberal	¥105,000	¥55,000	¥22,000	Stable, reliable.
5-34-4	170	34	M	Engineer	University	Married	Buddhist	Liberal	¥145,000	¥85,000	¥38,000	Highly educated, professional.
5-35-4	165	33	F	Nurse	High School	Married	Buddhist	Liberal	¥115,000	¥65,000	¥26,000	Stable, reliable.
5-36-4	150	27	F	Student	University	Single	Buddhist	Liberal	¥85,000	¥45,000	¥12,000	Young, energetic.
5-37-4	175	39	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥135,000	¥75,000	¥32,000	Stable, reliable.
5-38-4	160	31	F	Homemaker	High School	Single	Buddhist	Liberal	¥110,000	¥60,000	¥24,000	Stable, reliable.
5-39-4	170	35	M	Engineer	University	Married	Buddhist	Liberal	¥150,000	¥90,000	¥40,000	Highly educated, professional.
5-40-4	165	34	F	Nurse	High School	Married	Buddhist	Liberal	¥120,000	¥70,000	¥28,000	Stable, reliable.
5-41-4	150	28	F	Student	University	Single	Buddhist	Liberal	¥90,000	¥50,000	¥15,000	Young, energetic.
5-42-4	175	40	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥140,000	¥80,000	¥35,000	Stable, reliable.
5-43-4	160	32	F	Homemaker	High School	Single	Buddhist	Liberal	¥120,000	¥70,000	¥28,000	Stable, reliable.
5-44-4	170	36	M	Engineer	University	Married	Buddhist	Liberal	¥155,000	¥95,000	¥42,000	Highly educated, professional.
5-45-4	165	35	F	Nurse	High School	Married	Buddhist	Liberal	¥125,000	¥75,000	¥30,000	Stable, reliable.
5-46-4	150	29	F	Student	University	Single	Buddhist	Liberal	¥95,000	¥55,000	¥18,000	Young, energetic.
5-47-4	175	41	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥145,000	¥85,000	¥38,000	Stable, reliable.
5-48-4	160	33	F	Homemaker	High School	Single	Buddhist	Liberal	¥125,000	¥75,000	¥30,000	Stable, reliable.
5-49-4	170	37	M	Engineer	University	Married	Buddhist	Liberal	¥160,000	¥100,000	¥45,000	Highly educated, professional.
5-50-4	165	36	F	Nurse	High School	Married	Buddhist	Liberal	¥130,000	¥80,000	¥32,000	Stable, reliable.
5-51-4	150	30	F	Student	University	Single	Buddhist	Liberal	¥100,000	¥60,000	¥24,000	Young, energetic.
5-52-4	175	42	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥150,000	¥90,000	¥40,000	Stable, reliable.
5-53-4	160	34	F	Homemaker	High School	Single	Buddhist	Liberal	¥130,000	¥80,000	¥32,000	Stable, reliable.
5-54-4	170	38	M	Engineer	University	Married	Buddhist	Liberal	¥165,000	¥105,000	¥48,000	Highly educated, professional.
5-55-4	165	37	F	Nurse	High School	Married	Buddhist	Liberal	¥135,000	¥85,000	¥34,000	Stable, reliable.
5-56-4	150	31	F	Student	University	Single	Buddhist	Liberal	¥105,000	¥65,000	¥26,000	Young, energetic.
5-57-4	175	43	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥155,000	¥95,000	¥42,000	Stable, reliable.
5-58-4	160	35	F	Homemaker	High School	Single	Buddhist	Liberal	¥135,000	¥85,000	¥34,000	Stable, reliable.
5-59-4	170	39	M	Engineer	University	Married	Buddhist	Liberal	¥170,000	¥110,000	¥50,000	Highly educated, professional.
5-60-4	165	38	F	Nurse	High School	Married	Buddhist	Liberal	¥140,000	¥90,000	¥36,000	Stable, reliable.
5-61-4	150	32	F	Student	University	Single	Buddhist	Liberal	¥110,000	¥70,000	¥28,000	Young, energetic.
5-62-4	175	44	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥160,000	¥100,000	¥45,000	Stable, reliable.
5-63-4	160	36	F	Homemaker	High School	Single	Buddhist	Liberal	¥140,000	¥90,000	¥36,000	Stable, reliable.
5-64-4	170	40	M	Engineer	University	Married	Buddhist	Liberal	¥175,000	¥115,000	¥52,000	Highly educated, professional.
5-65-4	165	39	F	Nurse	High School	Married	Buddhist	Liberal	¥145,000	¥95,000	¥38,000	Stable, reliable.
5-66-4	150	33	F	Student	University	Single	Buddhist	Liberal	¥115,000	¥75,000	¥30,000	Young, energetic.
5-67-4	175	45	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥165,000	¥105,000	¥48,000	Stable, reliable.
5-68-4	160	37	F	Homemaker	High School	Single	Buddhist	Liberal	¥145,000	¥95,000	¥38,000	Stable, reliable.
5-69-4	170	41	M	Engineer	University	Married	Buddhist	Liberal	¥180,000	¥120,000	¥55,000	Highly educated, professional.
5-70-4	165	40	F	Nurse	High School	Married	Buddhist	Liberal	¥150,000	¥100,000	¥40,000	Stable, reliable.
5-71-4	150	34	F	Student	University	Single	Buddhist	Liberal	¥120,000	¥80,000	¥32,000	Young, energetic.
5-72-4	175	46	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥170,000	¥110,000	¥50,000	Stable, reliable.
5-73-4	160	38	F	Homemaker	High School	Single	Buddhist	Liberal	¥150,000	¥100,000	¥40,000	Stable, reliable.
5-74-4	170	42	M	Engineer	University	Married	Buddhist	Liberal	¥185,000	¥125,000	¥58,000	Highly educated, professional.
5-75-4	165	41	F	Nurse	High School	Married	Buddhist	Liberal	¥155,000	¥105,000	¥42,000	Stable, reliable.
5-76-4	150	35	F	Student	University	Single	Buddhist	Liberal	¥125,000	¥85,000	¥34,000	Young, energetic.
5-77-4	175	47	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥175,000	¥115,000	¥52,000	Stable, reliable.
5-78-4	160	39	F	Homemaker	High School	Single	Buddhist	Liberal	¥155,000	¥105,000	¥42,000	Stable, reliable.
5-79-4	170	43	M	Engineer	University	Married	Buddhist	Liberal	¥190,000	¥130,000	¥60,000	Highly educated, professional.
5-80-4	165	42	F	Nurse	High School	Married	Buddhist	Liberal	¥160,000	¥110,000	¥45,000	Stable, reliable.
5-81-4	150	36	F	Student	University	Single	Buddhist	Liberal	¥130,000	¥90,000	¥36,000	Young, energetic.
5-82-4	175	48	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥180,000	¥120,000	¥55,000	Stable, reliable.
5-83-4	160	40	F	Homemaker	High School	Single	Buddhist	Liberal	¥160,000	¥110,000	¥45,000	Stable, reliable.
5-84-4	170	44	M	Engineer	University	Married	Buddhist	Liberal	¥195,000	¥135,000	¥62,000	Highly educated, professional.
5-85-4	165	43	F	Nurse	High School	Married	Buddhist	Liberal	¥165,000	¥115,000	¥47,000	Stable, reliable.
5-86-4	150	37	F	Student	University	Single	Buddhist	Liberal	¥135,000	¥95,000	¥38,000	Young, energetic.
5-87-4	175	49	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥185,000	¥125,000	¥58,000	Stable, reliable.
5-88-4	160	41	F	Homemaker	High School	Single	Buddhist	Liberal	¥165,000	¥115,000	¥47,000	Stable, reliable.
5-89-4	170	45	M	Engineer	University	Married	Buddhist	Liberal	¥200,000	¥140,000	¥65,000	Highly educated, professional.
5-90-4	165	44	F	Nurse	High School	Married	Buddhist	Liberal	¥170,000	¥120,000	¥50,000	Stable, reliable.
5-91-4	150	38	F	Student	University	Single	Buddhist	Liberal	¥140,000	¥100,000	¥40,000	Young, energetic.
5-92-4	175	50	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥190,000	¥130,000	¥60,000	Stable, reliable.
5-93-4	160	42	F	Homemaker	High School	Single	Buddhist	Liberal	¥170,000	¥120,000	¥50,000	Stable, reliable.
5-94-4	170	46	M	Engineer	University	Married	Buddhist	Liberal	¥205,000	¥145,000	¥68,000	Highly educated, professional.
5-95-4	165	45	F	Nurse	High School	Married	Buddhist	Liberal	¥175,000	¥125,000	¥52,000	Stable, reliable.
5-96-4	150	39	F	Student	University	Single	Buddhist	Liberal	¥145,000	¥105,000	¥42,000	Young, energetic.
5-97-4	175	51	M	Farmer	Elementary School	Married	Buddhist	Conservative	¥195,000	¥135,000	¥62,000	Stable, reliable.
5-98-4	160	43	F	Homemaker	High School	Single	Buddhist	Liberal	¥175,000	¥125,000	¥52,000	Stable, reliable.
5-99-4	170	47	M	Engineer	University	Married	Buddhist	Liberal	¥210,000	¥150,000	¥70,000	Highly educated, professional.
5-100-4	165	46	F	Nurse	High School	Married	Buddhist	Liberal	¥180,000	¥130,000	¥55,000	Stable, reliable.

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# Public Sours on Fi

By Sheryl WuDunn  
New York Times Service

**TOYO** — Yoichi Otsubo is enjoying a life of ease and prestige, until he fastened on to a certain rod in his apartment and hanged himself.

A longtime official at the Finance Ministry, Mr. Otsubo, 54, was ensnared in an influential job in the ministry's castle-like bastion near the Imperial Palace. Behind these walls is the "House of the Great Deity," as it is known in Japanese, where Otsubo worked in the nation's most powerful center in Japan.

The ministry's tentacles touch so many sectors of political and economic life that its officials wield power without parallel in the West. Traditionally, being more influential than the prime minister or the judicial power, and because it is the world's second-biggest agency, the Finance Ministry's maneuvers can move financial markets around the globe.

It has been an extraordinary career since late January, when Otsubo first breached the Finance Ministry's seemingly impenetrable walls. They have arrested two of Otsubo's subordinates, for accepting bribes from the financial houses they oversee.

A scandal in which he became involved is still unfolding. On Feb. 11, prosecutors entered the national bank, the Bank of Japan, usually a domain of the minister, to seize a high-level official. Bankers have been detained,

## Merrill to Press Case in Singapore

Agence France-Presse

**SINGAPORE** — Merrill Lynch & Co. said Tuesday that it would push for criminal charges to be filed in Singapore against a former employee after a Singapore prosecutor sought money-laundering charges against him.

Singapore prosecutors withdrew charges against Kevin Wallace "due to unforeseen difficulties." The banker had worked at Merrill Lynch International Bank Ltd. in Singapore, was at the center of investigation of an alleged \$1 billion fraud case.

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ies. "Throughout the '90s, this spooled. We've only seen 5-digit growth. So this year, it's sobering."

famed Wall Street analysts forecasting a pickup in growth in second half that will lead to, on average, a 10 percent profit gain for this year. But many economists and market strategists, who cite the big economic forces in the prospects for individual firms, are forecasting a modest slowdown, well below the 10 percent growth rate last year. They are optimistic among this year's half 8 percent gains in

**WALLSTOCKERS: Paid**

continued from Page 13

shows Whelan & Co. expect about half price in the market from two basic factors: fire walls and antivirus software.

though computer viruses have been around for years, they have become more malicious, forcing users to update existing software regularly.

analysts predict demand for fire walls continues to increase as different levels of Web access to employees, suppliers and customers.

The big growth in the market is expected to come from other areas:

What is virtual private networks, businesses can send sensitive data from one office to another for as little as one dollar a month for private lines from companies because the Internet is not secure. Virtual private networks, projected to grow into a \$4 billion market by 2000, scrambles data so it can be sent across the Internet without worry of eavesdropping.

The fear out of the market secrets on the said.

The chief executive of the Corp. of German technology is traveling workers to connect to office via the Internet in

techniques inside. Second, network features are around something like a prepaid security engine. Another thing is putting information inside the network.

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# The Comeback

## Public Sours on F.Y.

By Sheryl WuDunn  
New York Times Service

OSAKA — Yoichi Otsuki, once beloved for enjoying a life of ease and prestige, until he fastened upon a certain rod in his apartment and hanged himself.

His longtime official at the Finance Ministry, Mr. Otsuki, 54, was ensconced in an influential job in the city's castle-like bastion near Imperial Palace. Behind these walls, he was known in Japanese as "the House of the Great Otsuki" — as it is known in Japan, he worked in the nation's premier, the most powerful government, in Japan.

The ministry's tentacles touch all the sheets of political and economic life that its officials wield without parallel in the West. It has traditionally been more influential than the prime minister or cabinet party, and because it is the world's second-biggest money, the Finance Ministry's maneuvers can move financial markets around the globe.

It has been an extraordinary power since late January, when Otsuki first breached the Finance Ministry's seemingly impenetrable walls. They have arrested four of its officials, including two of Otsuki's subordinates, for accepting bribes from the financial markets they oversee.

A scandal in which he became involved is still unfolding. On all, prosecutors entered the bank. The Bank of Japan, usually a dominion of the ministry, seize a high-level official. Plotters have been detained,

**Thrill to Press  
in Singapore**

Agence France-Presse

HONG KONG — Merrill Lynch & Co. said Tuesday that it would push for criminal charges to be filed in Singapore against a former employee after prosecutors say money-laundering charges against him.

Hong Kong prosecutors with the charges against Kevin Wallace "due to unforeseen difficulties." The banker had worked at Merrill International Bank Ltd., Singapore, was at the center of investigation of an alleged billion fraud case.

# PROFITS: Will

Continued from Page 13

also. "Throughout the '90s, when spoiled, we've only seen 5-6% growth. So this year, the sobering..."

Meanwhile, Wall Street analysts are forecasting a pickup in growth in the second half that will lead to, on average, a 10 percent profit gain for 1991. But many economists and market strategists, who point to the big economic forces in the world and prospects for individual nations, are forecasting a more gradual slowdown, well below the 10 percent growth rate last year.

But the most optimistic among them forecast 8 percent gains in

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## ASIA/PACIFIC

# The Comedown of a Tokyo Titan

## Public Sours on Finance Ministry as Scandals Abound

By Sheryl WuDunn  
New York Times Service

TOKYO — Yoichi Otsuki seemed to be enjoying a life of power and prestige, until he fastened a noose to a curtain rod in his apartment and hanged himself.

A longtime official at the Finance Ministry, Mr. Otsuki, 54, was enmeshed in an influential job in the ministry's castle-like bastion near the Imperial Palace. Behind these walls, in the "House of the Great Officers," as it is known in Japanese, Mr. Otsuki worked in the nation's nerve center, the most powerful organization in Japan.

The ministry's tentacles touch so many facets of political and economic life that its officials wield power without parallel in the West. It has traditionally been more influential than the prime minister or any political party, and because it steers the world's second-biggest economy, the Finance Ministry's smallest maneuvers can move financial markets around the globe.

So it has been an extraordinary comedown since late January, when prosecutors first breached the Finance Ministry's seemingly impenetrable walls. They have arrested four ministry officials, including two of Mr. Otsuki's subordinates, for accepting bribes from the financial institutions they oversee.

The scandal in which he became enmeshed is still unfolding. On March 11, prosecutors entered the central bank, the Bank of Japan, traditionally a domain of the ministry, to seize a high-level official. Private bankers have been detained,

top executives have resigned at major financial institutions, and one Parliament member, another Finance Ministry official and numerous businessmen have committed suicide to escape disgrace.

The scandal is shattering Japan's old faith in public servants and suggesting to a growing number of Japanese cynics that their bureaucracy may be rotten to the core. With economic troubles dogging all of Asia, the Finance Ministry is the single institution most able to orchestrate a revival of the region, but it increasingly resembles a fortress under siege, attacked both at home and abroad for errant behavior and policy mismanagement.

Critics worry that the ministry may have lost its way at a moment when leaders in the United States and other industrial nations are demanding that it take more steps to help prevent an Asian tailspin.

Economists say that by trying to tighten the country's belt even during hard times, the ministry risks throwing Japan into recession.

Japan's politicians, accustomed to staying on the sidelines in formulation of economic policy, are stepping in to take the lead, further threatening the ministry and preventing its experts from fully concentrating on the task of nursing the sick economy. Particularly on the eve of a broad restructuring of the financial industry, the ministry appears distracted by its scandals and by turf battles with politicians — battles that it may be beginning to lose.

"There will be a very drastic shift of power from the bureaucrats to the politicians," said Koichi Kato, sec-

retary general of the governing Liberal Democratic Party. "In the past year, the bureaucrats who were thought to be the best and the brightest in this society, handling all policies, were proved to be not as effective and competent as we had thought. Now it is time for us politicians to make our own policy."

For now, the Finance Ministry has fended off a formal attempt by Sakigake, a small party in the governing coalition, to break it up into a handful of agencies. Until recently, the ministry was seen as the bedrock of Japanese prosperity, so few balked at the extent of its power — roughly equivalent to a combination of the U.S. Treasury, Internal Revenue Service, Office of Management and Budget, Securities and Exchange Commission and parts of the Federal Reserve Board.

Amid recent calls by politicians to curb its powers, the ministry has agreed to spin off a financial surveillance agency in June. Both the finance minister and the deputy finance minister were forced out of their positions this year as casualties of the widening assault on the ministry.

But while the ministry's power appears on the wane for now, its strength and expertise, which make it arguably the most important repository of power outside of Washington, continue to dwarf those of Japan's elected officials. Politicians have called for more spending, but attempts to alter the ministry's steadfast policy of fiscal austerity have bounced off the ministry's stone walls.

Still, the attack on the ministry



Sakuya Fujiwara, a candidate for a deputy governorship of the Bank of Japan. The bank's governor said Tuesday no further resignations were to be expected.

has been debilitating. Japan's weekly magazines are accusing it of everything from dishonesty to ineptitude. And the public is learning that Finance Ministry officials do not always spend their time laboring in neckties over statistical charts but also have been known to cavort — sometimes at the invitation of those they are supposed to regulate — at the raunchiest of sex clubs.

"They are losing control," Toru Nakakita, an economics professor at Toyo University, said of the ministry's bureaucrats. "They are demoralized. They are a group of very proud people, but they made an awful lot of fallacies. They've blundered so many times."

The ministry is accused not just of economic ineptitude but, perhaps more important in the public mind, of corruption and misbehavior. While lavish entertainment of government officials by corporate executives has long been commonplace in Japan, the public has been particularly angered by the revelation that banks entertained Finance Ministry officials at no-pan shabu-shabu clubs.

Shabu-shabu is a kind of cooked meat, but the specialty of the restaurant is the waitresses, who wear short skirts and no underwear. In Japanese, "no-pan" refers to "no panties." So "no-pan shabu-shabu" has become a national joke, a phrase on the tip of everyone's tongue.

The idea of these officials discussing bank regulation in such a setting is so absurd that it is becoming difficult for the ministry to be taken seriously.

# IMF Holds Aid As Indonesia Stalls Reforms

Compiled by Our Staff From Dispatches

JAKARTA — A senior International Monetary Fund official indicated Tuesday that Indonesia was unlikely to receive a delayed \$3 billion loan, part of the agency's bailout, this month because of IMF concerns about Indonesia's progress in reforming its economy.

Hubert Neiss, director of the Fund's Asia-Pacific department, said the second payment would not be made before April, after the IMF's executive board had reviewed Indonesia's progress.

Mr. Neiss, who heads a senior IMF team, said he would start talks with Indonesian officials Wednesday to discuss the first quarterly review of an economic program to which Jakarta agreed in return for a bailout of more than \$40 billion.

The IMF package requires Indonesia to carry out austere measures, including eliminating price subsidies for fuel and basic food commodities and doing away with monopolistic practices.

The first \$3 billion tranche was disbursed in December, and the second was to have been handed over Sunday.

The IMF and Indonesia have been at loggerheads over the delay in disbursement of the second tranche amid questions about Indonesia's commitment to reforms.

Indonesia said it would try to end misunderstandings with the IMF on the pace of change but refused to abandon a plan for a currency board to stabilize the rupiah.

Jakarta is determined to reform the economy with or without the IMF, said Gijandjar Kartasasmita, coordinating minister for the economy. "President Suharto is looking for the best way to overcome the economic crisis," he said. "Suharto says we have not found the best solution to overcome the crisis."

Meanwhile, the IMF's managing director, Michel Camdessus, said Indonesia's economic woes should be attributed to the government's failure to implement reforms, not to deficiencies in the IMF's plan for the country. Mr. Camdessus said in an interview with Time magazine that the IMF plan had "not delivered all its potential because it has been either not implemented fully or was circumvented."

To renounce the IMF program, he said, "would be to renounce an undertaking seen by the entire world as the best course for the country."

(Reuters, Bloomberg)

Investor's Asia			
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For information on how to list your fund, fax Katy Hourri at (33-1) 41 43 82 12 or E-mail : [funds@int.com](mailto:funds@int.com)  
To receive free daily quotations for your funds by E-mail : subscribe at [e-funds@int.com](mailto:e-funds@int.com)

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# International Education in Germany & Austria

WEDNESDAY

Business Education in the U.S.

Business Education in France

## EDUCATION IS GETTING SHORTER AND MORE INTENSE IN GERMANY AND AUSTRIA

Responding to public requests for students to learn more material in a shorter time period, higher-education administrators in Germany and Austria are embarking on a process of reform. More and more German and Austrian universities are offering degrees on the Anglo-American model, and classes are increasingly taught in English.

In autumn 1997, the University of Magdeburg's international department began offering Anglo-American-style bachelor's and master's degrees. The bachelor's program is taught in English, and the master's is about half English and half German.

Magdeburg is one of 13 institutions in Germany that offer an international program. The Ministry of Education, which is funding the programs, hopes they will lead the way for the "internationalization" of higher education.

The newly founded International University in Germany will go one step further. The entire university will be built around English

and Anglo-American degrees. Located in Bruchsal, it will open this autumn.

Another sign of change in the world of German education is "combi-courses," which are proliferating at universities. Students have a choice between German and English as their language of instruction.

These developments are nothing short of revolutionary because German education has traditionally resisted change. For example, three and a half decades of heated discussion and intense negotiations notwithstanding, the I.B. (international baccalaureate) — recognized widely throughout the world — still has not been certified by most of Germany's state educational authorities as a high school diploma entitling Germans to attend a university in Germany.

For generations, foreigners wishing to attend any kind of institution of higher learning in Germany have had to pass a very demanding tests of German proficiency. No exceptions were made, even for students who were

studying, for example, hotel management in English. Starting up and accrediting schools — even elementary schools — took at least five years. The delays and complexity of the approval process discouraged many would-be school founders from even making the attempt.

Today's internationalization wave has been triggered by the authorities' willingness to accept trial programs. This involves partial waivers of official regulations.

The most fundamental internationalization is yet to come, should the country's omnibus law reforming the financing of education be passed. The law was recently approved by the Chancellor Helmut Kohl-led federal cabinet. It sets up measures to reward students and universities for performance.

In plain terms, the law strives to move students through the universities faster while teaching them more. Short duration, high learning rate — this could easily describe a good university in the United States or Britain. Universities in those countries were indeed what inspired the

new law, according to Der Spiegel magazine.

What started the revolution? "The market. After years of resisting the compelling call of Central Europe's business community for courses of study providing graduates with large amounts of practical knowledge, our country's educational establishment, spurred by the high rate of unemployment now prevailing, has thoroughly and completely seen the light," says Wolfgang Heuss, international education expert and head of the English department at Munich's Sprachen und Dolmetscher-Institut (languages and interpreting institute).

"In our and many other areas, the European Union has also been a highly important change agent. One of the EU's main objectives is to promote the free flow of persons and expertise among its member states, and making sure that all of these states offer degrees of universal applicability is one key of achieving this goal," Mr. Heuss adds. The fight to internationalize the education systems

in both Germany and Austria has been led by the countries' private high schools.

"As with our counterparts, our prosperity has always been dependent upon our providing what our 'customers' need and want. And this has long been courses of

study turning out well-rounded students fully prepared to take on international-level studies and careers," says Hartmut Ferenschild, spokesperson for Schule Schloss Salem.

To that end, the highly respected school, located just to the north of Lake Constance, has been a driving force in getting the I.B. es-

tablished as an alternative to the Abitur, Germany's university-track high school diploma. Its latest and boldest move in this regard: The school has set up a separate "I.B. college," creating a new curriculum for the high school students attending it.

In 2000, joined by their Abitur-track counterparts, the I.B. students will have a new home of their own: the International Salem College. Some 66 million Deutsche marks (\$36.13 million) have been raised to build the facility, making it the largest project in the history of private education in Germany.

As the example of the Oberursel-based Frankfurt International School shows, the market's demand for the I.B. is strong.

"All of our students are on the I.B. track," says Adele Hodgson, spokesperson for the school. People are interested in the program because of "the cost of education nowadays. In a number of countries, universities award holders of the I.B. advanced placement, thus cutting the time of attendance and hence the overall expenditure." The I.B. is also popular

among the students attending Austria's private schools.

"An average of 25 percent of our students choose to take this challenging two-year program," says Marie Sammons, marketing manager at the American International School in Salzburg.

Public schools are also changing in both Germany and Austria. A number of polytechnics have been offering English-language classes for over a decade. The mainstay at many of these schools is commercial and technical instruction; degrees are often awarded in hotel management, sports marketing and international civil engineering. English is, of course, the lingua franca of the world's hotel, sports, civil engineering and many other sectors. The polytechnics have been adept at circumventing rules against English in the classroom and against non-German degrees.

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e-mail: sylvia.nagel@uni-magdeburg.de

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## SPORTS

## 'Valpo' Fetes Its Hometown Heroes

Team's Upset Victories in NCAA Put Indiana Town on the Map

By Joe Drape  
New York Times Staff Writer

VALPARAISO, Indiana — For two hours Merel Nelson waited in the cold for the bus carrying the town's new heroes to roll down Union Street.

He was not alone. More than 2,000 people gathered here Monday to celebrate where they lived.

Shivering, Nelson clutched a cord and got ready to salute Valparaiso's basketball team with a cannon shot from Crusader II. Like the team it was meant to honor, Crusader II is deceptively small — about a foot long (30 centimeters) and six inches high.

But Nelson showed what happens when you underestimate the power of small things. The keeper of the cannon and the Valparaiso athletic department's equipment manager, he pulled a cord, and the cannon fired an ear-splitting shot, welcoming home the team that had upset Florida State, 83-77, in overtime Sunday to reach the final 16 of the NCAA tournament.

The crowd that filled Union Street swallowed the bus that was carrying the team as it idled behind a police escort. Cameras from the television networks followed them and the cheer of "Let's go, Valpo!" drowned out the sound of shoes crunching in frozen snow.

For one wild afternoon, this town in northwest Indiana was getting national attention.

"No one will ever ask us again, 'What's Valpo?' Is it in Kentucky?" said Manisha Phosphairat, a junior from Chicago, who, like all of the 3,500 students here, was happy about returning Monday from the university's spring break.

"It's about being known," she said. "It's about getting us on the map."

Even professors couldn't find fault

with an institution of higher learning coming to a halt because its basketball team had won two games in the National Collegiate Athletic Association tournament.

The university's president, Alan Harre, waited alongside the students as rock music blared in the background while the obligatory shirtless fraternity members, each with a gold letter pinned on his chest to spell out V-A-L-P-O — raced up and down the street.

No, Mr. Harre said, classes were not officially canceled, but then he offered a sly smile and said, "Maybe there aren't a lot of classes scheduled at this time."

A professor of geography got closer to the truth. Standing in the middle of some colleagues, Paul Sando said: "This is Indiana. Basketball is our life."

Two retirees, John Condon and Curt Westerhausen, thought enough of Valparaiso's players to witness the celebration. Neither are alumni or even avid basketball fans, but each said they were impressed with the team's upset victories over Mississippi and Florida State in Oklahoma City.

"Not bad for a bunch of small-town kids, huh?" asked Condon, 68. "Have you seen the movie 'Hoosiers'? This team has that kind of heart and character."

The comparison to the celluloid Indiana high school team has dominated headlines and broadcasts.

Even the Valparaiso coach, Homer Drew, has quoted from the movie to his team behind closed locker room doors, as well as in front of reporters.

The notion of a small school from the sticks beating a bigger, city slicker school is ingrained in Indiana basketball lore.

In 1954, tiny Milan High School,

with about 100 students, beat the urban

Muncie Central High for the state championship when Bobby Plump hit a shot

at the buzzer.

Those who know Plump, like the Indiana Pacers' assistant coach Dick Harter, swear that the insurance salesman still keeps copies of the newspaper memorializing that moment in the trunk of his car.

This murt of a team already has teams of "Hoosiers" to someday show off to doubters.

Among its five seniors are a point guard, Jamie Sykes, who already is late reporting for spring training to the Arizona Diamondbacks; a set of identical twins, Bill and Bob Jenkins; a 7-foot (2.1-meter) Lithuanian center, Antanas Vilcinskis, and the coach's son, Bryce Drew.

But for the students here, what makes their team's tournament run so special is that they know each and every one of the players they are cheering.

"The campus is so small that you see these guys everywhere," said Alida Past, a freshman from Lafayette, Indiana. "You talk to them at the student union. They're just people like us."

That sense of community was on display as the players made their way to an old gymnasium in the university's Athletic and Recreation Center.

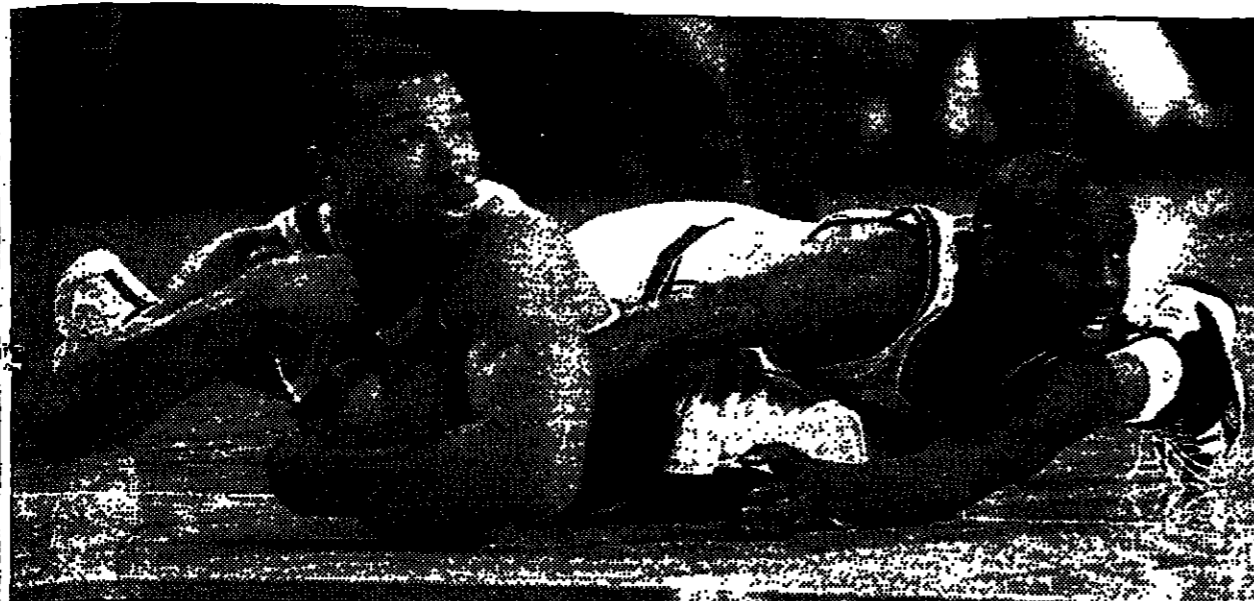
One after another, the players thanked the well-wishers and promised them that the clock had yet to strike midnight for this Cinderella team.

But Jim Harrick Jr., the assistant coach whose father is the head coach of Rhode Island, Valparaiso's opponent on Friday in St. Louis, ignited the loudest cheers.

"In 1995, after my father won the national championship with UCLA, I rode the bus back with the team to Pauley Pavilion," he said.

"No one was waiting there," Harrick told the crowd. "California doesn't have anything on the Midwest. No one does."

With the rhythmic chant of "Final Four, Final Four," those on hand told him he was right.



The Lakers' Derek Fisher, left, and the Sonics' Gary Payton awaiting the call after their midcourt scramble.

## Sonics Sink Lakers; Jazz Trap Wolves

The Associated Press

The youthful Los Angeles Lakers might be the future of the Western Conference. The present, however, belongs to a veteran team, the Seattle SuperSonics.

Gary Payton scored 12 of his 27 points in the final quarter as the Sonics beat the Lakers, 101-89, Monday night. Seattle is 3-0 against the Lakers this season.

"We've played three tough games," said Vin Baker, the Sonics forward. "But we're comfortable in close games because we think our veteran leadership will see us through."

Baker and Detlef Schrempf each scored 21 points for Seattle, which squandered a 21-point lead before pulling away in the final seven minutes.

Shaquille O'Neal scored 25 points for the Lakers. But All-Star Kobe Bryant, who entered the game with a 16-point average, was held scoreless and took only one shot in 13 minutes.

The Sonics improved their NBA-best

record to 49-15.

Jazz 102, Timberwolves 96 Visiting Utah won its 11th straight. Karl Malone scored 29 points for the Jazz, John Stockton added 22, and they connected on a couple of crucial pick-and-roll plays in the closing minutes.

## NBA ROUNDUP

Stockton added 22, and they connected on a couple of crucial pick-and-roll plays in the closing minutes.

Pistons 103, Heat 90 Grant Hill scored 26 points as Detroit snapped an eight-game losing streak against Miami.

Brian Williams added 17 points for the Pistons, who won for only the third time in their last 14 road games.

Hornets 109, Nuggets 87 Matt Geiger had 18 points and 14 rebounds as Charlotte ended Denver's season-best, two-game winning streak.

Dell Curry added 18 points and Glen Rice had 17 as the Hornets won for the 11th time in 12 games and ended the Nuggets' bid for their first three-game

winning streak since December 1996.

Johany Newman scored 17 points for the Nuggets (7-59), who fell to 1-32 on the road.

Spurs 96, Bucks 85 Tim Duncan had 25 points and 17 rebounds as San Antonio beat slumping Milwaukee. David Robinson added 21 points for the Spurs, while Vinny Del Negro had 15.

Rookie Jerald Honeycutt scored a career-high 16 points for injury-plagued Milwaukee, which has lost six straight and nine of its last 10.

Bulls 88, Nets 72 In Chicago, Toni Kukoc scored 14 of his 21 points in the decisive third quarter, and the Bulls went on to win despite a poor performance by Michael Jordan, who scored 17 points, 11 fewer than his NBA-leading average.

He also missed an uncontested dunk, had another attempted dunk blocked by David Vaughn, committed four turnovers and was 6-for-15 from the field.

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## OBSERVER

## The Envelope Please

By Russell Baker

NEW YORK — I have just made the annual late-winter movie rounds. Here are my five nominations for Academy Awards for best moments in films seen during the tour:

1. People hating Jack Nicholson pushing a dog down the garbage-disposal chute of a New York apartment house in "As Good as It Gets." Later Nicholson turns out to be just another old softie when it comes to dogs, but the satirical bite of his comment on New York as he sends the mutt down the chute is worth the price of the ticket. This is New York, he tells the dog before launching it toward the garbage. "If you can make it here, you can make it anywhere."

2. Preacher Robert Duvall laying a Bible down in front of a huge earth-moving machine and daring a surly, church-hating driver to run over it. The movie is "The Apostle." This scene pitting Bible vs. bulldozer is an absolute wow. So is the whole movie. Among movies on my tour, it was one of only two that seemed to be about real people in a real world.

3. The other was "The Full Monty." In that, you look forward to a final great scene when the plain, desperate, out-of-work guys do their strip-tease, but at the critical moment — thank God! — you see only the view from the rear. It is funny and sad at the same time, and you leave with a smile, not feeling cheap, as you feel reading the newspapers nowadays.

4. "Good Will Hunting" has as good a kissing scene as you're apt to see in a movie nowadays when the style calls for kissers to chew moistly on each other. What

is the point of all this juicy kissing anyhow?

This being the era of the messy movie kiss, "Good Will Hunting" has an absolute beauty involving two college-age people eating hamburgers. You wouldn't think that kissing a woman with a mouth full of hamburger would be the height of amatory fun, would you? When these kids do it you find yourself wondering why you never tried it when you were in college.

5. Yes, I saw "Titanic." It made me wonder why it, rather than the far superior "Air Force One," was the special-effects flick nominated for a best-picture Academy Award. It lacks a scene comparable to the splendid moment in "Air Force One" when President Harrison Ford shoves Mister Bad Guy out through the plane's back door and into empty space saying, "Get off my airplane."

I didn't expect "Titanic" to be another "Gunga Din." Still, I didn't expect a three-hour doze. It's a spectacle in search of a plot. It piles implausibility on absurdity so relentlessly that we despair of ever coming upon a great scene. Then, quite near the end, when we are ten or eleven hours into it, comes a moment when the hard-bitten treasure hunters on the salvage ship begin to weep.

They have been listening to an elderly female survivor tell them the story we have just seen. Tears begin to dampen their cynical cheeks. Though they have worked for years on the Titanic job, they have never realized until now how tragic, yet romantic, the sinking was, and they weep, those phonies. Yet it is a fine scene in its way. It means "Titanic" is almost over.

New York Times Service

## Farewell to Dr. Spock, the Parents' Pacifier

By Elizabeth Kastor  
Washington Post Service

WASHINGTON — She is not sure exactly why she decided to go into the closet. Somehow, in the cold dark of that winter night in 1960, it seemed like a good idea. Her husband was asleep. The apartment's living room felt immensely far away, the closet so close to the warm bed. At least there she could imagine she would soon be allowed to slide back between the sheets and into the bliss of sleep.

So she sat down in the closet, cradling her wailing first baby, and rifled furiously through "Dr. Spock's Baby and Child Care," seeking the miraculous piece of advice that would make a six-week-old baby stop crying.

How long I cried my mother no longer remembers, nor does she know what she did to get me to stop. But whether or not Dr. Spock was of any practical assistance, there he was in the middle of the night, keeping my mom company, assuring her in his soothing way that everything would be fine.

Benjamin Spock died on Sunday at age 94. His classic "Baby and Child Care" is now 51 years old; the seventh edition is due in May.

In addition to the nostalgia she feels for that long-ago apartment with its graciously large closet, my mother remembers Dr. Spock with a particularly personal affection. The sort of warmth one usually associates with a well-liked if not intimately known neighbor. And even though my shelf of child-rearing books is heavy with the popular titles of the '90s and rather light on Dr. Spock, I feel the same.

My generation, Spock babies all to one degree or another, may have turned to T. Berry Brazelton or Penelope Leach. We know "What to Expect When We're Expecting" and "How to Talk So Your Kids Will Listen." Dr. Spock is no longer the one sacred text, and now sounds a little old-fashioned in spots. But he is still there in the middle of the night, describing the

"tiny, delicate blisters" of chickenpox, explaining the "meaning of thumb-sucking," reassuring us that we will not lobotomize our newborn by touching that eerily pulsating "soft spot" on the crown of the baby's head.

Pick up the book and it all rushes back. The confusion that comes with the first child. The terrified certainty that the 4-year-old's slight headache is really meningitis. The suspicion that the one-year-old biter will inevitably progress to the 20-year-old serial killer. The desire to be given the one true answer, to be told the thing that will make us really, really good parents, or if not that, at least that will get the kids to stop whining.

From the beginning, when he opened his book with the words, "Trust yourself. You know more than you think you do," Dr. Spock said he wanted to teach parents that he did not have all the answers. But that, of course, is what we seek from him and other advice vendors. All the answers.

We pick up such books when we are at our most vulnerable, seeking companionship and information. The kid won't eat, or the kid eats too much. This one has a weird rash, that one seems determined to wear diapers until college. Or perhaps the problem is the adults — we don't know what to do about some crisis or other, we have stumbled, the improvisational dance of parenthood has gone suddenly clumsy.

"It's endemic in caring," Dr. Brazelton said. "Once you care a great deal, you want to do a perfect job, when there is no such thing."

Dr. Spock's tone of supportive warmth, his faith in the potential of the child and the wisdom of the parent, only fed into the conservative critique that he ruined a generation. He was the doctor who told moms to coddle their kids, to give them whatever they wanted! The



Dr. Spock visiting Karen Anderson and her quintuplets in 1974.

'60s were his fault. All those kids who were allowed to suck their thumbs and wear diapers forever, whose parents worried so much about their "needs," grew up into hippies, yuppies and other monsters of self-indulgence.

"They needed a whipping post," Dr. Brazelton said of the critics. "I think he caught a lot of flak. If he hadn't, someone else would have gotten it."

Actually, the doctor never advocated a lifetime of thumb-sucking. "He was not a progressive lunatic," the author Anne Roiphe said. She and her friends, raising children in the '60s, paged through Dr. Spock over and over. Roiphe

grew up pre-Spock, when the advice from the experts was to keep babies firmly scheduled and not indulge them with kisses and attention.

"I was raised being picked up every four hours and then left to scream in between times," said Roiphe, author of "Fruitful: A Real Mother in the Modern World."

"Suddenly, we understood there was a way of creating a mutual bond between the mother and the child that didn't involve discipline and order and control in the same way. It isn't that I think we did everything perfectly, but there was a vast improvement from the '30s, and it's an improvement I value very much."

"What he did do was to understand that child development included a slow development of control over instincts. Spock, in a sense, was Freud's popularizer. I think the world would have been a much sadder, more rigid, less interesting place without him."

That a baby doctor could arouse such gratitude and such passionate attacks — and that he could be seen as one of the main forces behind the cultural history of his time — only reflects how much power we believe resides in experts of any kind.

Like us, Dr. Spock tried to find the balance between understanding and discipline. Ann Hulbert, who is writing a history of 20th-century child-rearing experts, pointed out in an article in The New Yorker in 1996 that Dr. Spock revised and refined his advice many times, attempting to keep up with changes in family structure and expectations, and to respond to criticism.

Are those of us raised on Dr. Spock and his followers better off for being understood, for being hugged and kissed and allowed to nurse on demand? Each Spock baby will have to answer that one for himself. But we do know that the man

liked kids and he liked parents. It is there in his books — and to receive such affection as a reader is to receive a gift.

Dr. Brazelton remembers walking once with Spock on a mountain in Puerto Rico. They came across a beautiful pool, cool and enticing. But a sign said that only guests at a particular hotel could swim there. "We were all so hot and dying to swim," Dr. Brazelton said. But then a man recognized the 6-foot-4 pediatrician. "The keeper of the pool came out and said, 'Dr. Spock! You helped me raise my 13 children! Of course you can swim!'" He was as welcome a guest in that pool as he was in our lives.

## PEOPLE

THE satire "Popcorn," which was written by Ben Elton of Britain and takes aim at the violence in Hollywood films, won seven nominations for this year's Moliere theater awards in France, including those for best producer and best new play. Right behind it was "Andre le Magnifique," a collective production that was nominated six times. The Italian playwright and Nobel Prize winner Dario Fo will preside over the awards ceremony on April 6.

The French painter Balthus, 90, has gone home from the hospital. Balthus Klossowski, one of the few living artists to have been honored with an exhibition of his work in the Louvre in Paris, was taken to a hospital at Saanen, Switzerland, on March 6, where a hospital source said he was suffering from a "treatable acute condition" and was "improving."

The comedian Al Franken has blurred the lines between news, entertainment and politics with his new sitcom "LateLine." The show is a '90s mix of "The Mary Tyler Moore Show," "Murphy Brown" and "Nightline" with a sense of humor.

Johnny Paycheck is ready to hit the stage. Thirty pounds lighter after a six-week stay in a hospital for an

asthma attack, the country singer is scheduled to appear at an annual Easter Seals auction in Nashville, Tennessee, and then perform at the Grand Ole Opry. Paycheck, 59, suffered the attack on Jan. 8. His weight is down to 157 pounds.

Dana Reeve wants to be more than her husband's nurse. She wants to get her own acting career in gear. "People come up to me in elevators to tell me how much they admire me," she said. "I'm a very famous wife — but I'm still plodding along in my career." She is now appearing in "Good Will," a play based on a Jane Smiley novella about a young couple who move to Amish country. After her husband, Christopher, was paralyzed from the neck down in a horse-riding

accident in 1995, she spent six months learning how to care for him. "We both felt it was important for us to remain a couple," she told the Daily News in New York. "I didn't want to be just his nurse."

More than 20 years after hanging up his guitar, the artist formerly known as Cat Stevens has surfaced to promote an album he helped record for victims of the war in Bosnia-Herzegovina. Yusuf Islam, as he is known now, wrote two songs on the album but sings only one — "The Little Ones." He said in London that the album was "a reminder of the place that music plays in the life of a Muslim, and, indeed, in everyone's life." He plays no guitar on the album. "I don't feel like it. I'm much more of a poet."

## The Getty's Forgetful Planners

LOS ANGELES — They forgot something at the Getty Museum: bathrooms. There are none in the North or South Pavilions and only one set in the West Pavilion. "This is one of those unfortunate things that can happen in large construction projects," a spokeswoman said. The good news? Drinking fountains are scarce, too.

The first novel about the life and death of Diana, Princess of Wales, is about to hit British bookstands. "The Ways of Gentleness," written by a psychotherapist under the pseudonym Elizabeth Vickers, is being published by HarperCollins and fictionalizes the princess's story by renaming the people involved, the Daily Telegraph reports. The publishers say the book is a "serious and sensitive" work. But the newspaper also reports that it detected similarities in style with installments of a romantic spoof that is appearing in the satirical magazine Private Eye.



WHO'S WHO? — Philippe Candeloro, the French figure skater, unveiling his doppelgänger, front, at the Grevin wax museum in Paris.

Johnny Paycheck is ready to hit the stage. Thirty pounds lighter after a six-week stay in a hospital for an



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INFORMATION SOCIETY  
Pages 11-15

World's Daily Newspaper

Air Safety

By Dan Phillips

WASHINGTON — The crew of a small plane, on a rainy night, was being flown by a pilot who had been told to land at a nearby airport. The pilot, however, was not a pilot at all. He was a man who had been told to land at a nearby airport. The pilot, however, was not a pilot at all. He was a man who had been told to land at a nearby airport.

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